

**THE ADMINISTRATION
OF
WORKMEN'S COMPENSATION
IN
ONTARIO**



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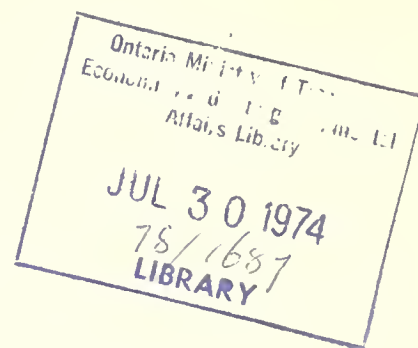
REPORT OF THE TASK FORCE / WORKMEN'S COMPENSATION BOARD



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THE ADMINISTRATION
OF
WORKMEN'S COMPENSATION
IN
ONTARIO

Report Of
Task Force
Workmen's Compensation Board



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TASK FORCE Workmen's Compensation Board

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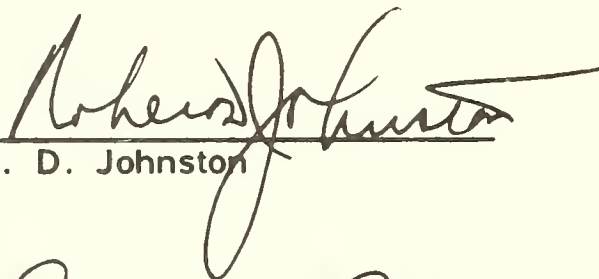
CHAIRMAN: A.R. AIRD
MEMBERS: R. JOHNSTON
M. STARR

The Honourable Fern Guindon
Minister of Labour

We submit for your consideration our report on the Workmen's
Compensation Board. The report contains recommendations
relating to all areas of examination stated in the study terms
of reference.



A. R. Aird - Chairman



R. D. Johnston



Michael Starr

Toronto
August 1973

PREFACE

This study of the Ontario Workmen's Compensation Board was undertaken by a Task Force appointed by the Minister of Labour in January, 1973. In setting up the Task Force, the Minister followed the recommendations of the Standing Committee on Resources Development which, in November 1972, recommended an inquiry into the administration of the Workmen's Compensation Board.

Traditionally, Ontario has been among the world leaders in the development of occupational accident programs - accident prevention, income maintenance and rehabilitation. As the mid-seventies approach, social issues proliferate and revitalization, often reform, of existing management and administrative mechanisms becomes a necessary part of effective service delivery. The results of this study - by contributing to the development of an enhanced policy planning and operational framework for the future - will serve to ensure that the Province retains this leadership role.

Benefits - their nature and level - were not within the defined terms of reference of the Task Force. Our observations on this subject are restricted to matters which, because of clear public concern, deserve mention.

We wish to express our thanks to the many people who made significant contributions to the work of the Task Force - at meetings, by submitting briefs and at hearings. WCB personnel provided operational insight; others - in business and government, from organized labour and private citizens - gave additional valuable advice and comment.

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INTRODUCTION

Occupational accident programs are subject to frequent examination, both domestically and in foreign jurisdictions. The major concern of these studies is usually the important compensation policy issues - the types, levels and costs of coverage. Other areas of activity - for example, accident prevention, rehabilitation, the administrative framework - rarely receive the same level of attention.

To our knowledge the work of this Task Force represents an innovative departure from this tradition. It is an attempt to probe deeply into a large Provincial ministerial agency - to assess its efficiency and effectiveness, to determine its ability to meet future societal demands.

This is not to suggest that the central income maintenance and other policy issues do not retain their traditional importance. On the contrary, we subscribe to the general belief that society should place an increasing and widening emphasis on all matters of compensation, safety and health care.

It is with this perspective in mind that we have approached this study. Progressive legislation, to be effective, must be supported by progressive management and administration, which provides a high level of service and makes the most efficient use of available resources. The Workmen's Compensation Board must be a dynamic organization, able to respond to and facilitate changes at both policy and program levels. Nothing less is acceptable.

TERMS OF REFERENCE

Our objective was to study and report on the administrative practices of the Workmen's Compensation Board. The study included, but was not limited to, an examination of:

- * the management and administrative structure and practices of the Workmen's Compensation Board including its methods of adjudication;
- * whether rehabilitation services, including the Workmen's Compensation Board hospital and its job finding program, could effectively be provided under contract to outside organizations;
- * the relationship of the Board to the Ministry of Labour and to the Government;

- * the safety functions of the Board and the Ministry of Labour;
- * the composition, size and responsibilities of the Board itself;
- * the role of the Workmen's Advisers;
- * retirement benefits and attendance credits for employees and Board members.

Our work comprised two main thrusts. First we examined in detail current activities at the operational level to identify productivity improvement opportunities - a focus on efficiency. Second but not in any lesser sense, we directed our attention to identifying ways to improve the overall effectiveness of the WCB, with particular reference to defining its future role and place in the light of changing policy objectives and new approaches to program delivery.

We have been guided where applicable by the work of the Committee on Government Productivity. The 114 submissions we received from the public were most useful input to the study. Individual contributors are listed in Appendix 1.

Fact finding and analytical activities involved:

- * a series of in-depth studies of activities, resource utilization, and the organization and management system;
- * interviews with WCB staff, civil servants, elected officials, employers and organized labour;
- * receipt of written submissions from special interest groups and citizens, followed up where applicable by public reviews;
- * visits and contact with certain other jurisdictions in Canada and the United States;
- * review of existing literature in the field.

A series of intensive evaluation sessions were held subsequent to these activities leading to the preparation of this report.

The terms of reference suggested a sense of urgency. During the period of the study, we examined all activities and relationships

of the WCB. The result is the development of numerous recommendations, many of major significance and compelling close attention.

A BASIC ASSUMPTION

Our analysis is based on the assumption that an occupational accident agency along the lines of the current WCB should continue to exist, given current social policy objectives. A case can be made for complete absorption of this Agency's programs into the various ministries with which these programs are primarily associated, which means disbanding the organization. We believe that this action is not appropriate at this time for the following reasons:

- * occupational accident programs, while important, constitute only a small part of the social environment. It is impracticable - indeed impossible - to suggest change of this kind outside of a much wider investigation of social programs.
- * equally important, it is impossible at this time to do more than speculate on future social policy trends. Current examples are the evolving income maintenance programs delivered by various levels of government, the compensation paid to victims of criminal injuries and the move to universal accident compensation now taking place in New Zealand. Two points on which we can be sure in this situation are (1) that significant change will take place and (2) that the role, place and operations of the WCB will be materially affected by this change - at some time in the future.

We believe that this study will make a most valuable contribution to whatever future is in store through its attack on operational inefficiencies and a reorientation of the organization to service and responsiveness.

CURRENT PERSPECTIVE

Background

The WCB is a large ministerial agency, formed almost 60 years ago, following ground-breaking legislation by the Province on the basis of recommendations put forward by Chief Justice, Sir William Meredith. Since that time, - reflecting the overall growth in the economy of the Province - the WCB has undergone immense growth in terms of its activities, its income, the resources it uses and the people it serves.

The WCB has a current annual assessment income of nearly \$170 million from approximately 140,000 employers. Close to 400,000 claims are processed annually. It operates a 500 bed Hospital and Rehabilitation Centre at Downsview, a vocational rehabilitation service and has overall responsibility for a multi-million dollar, employer-sponsored safety education program. Investments of funds to meet future financial commitments amount to more than \$400 million. Employees number approximately 1700. In addition, it has major real estate holdings and investment in equipment, including a fleet of 250 automobiles.

Some Operational Characteristics

We see the WCB as having three main objectives under the Workmen's Compensation Act. These objectives relate to (1) the prevention of occupational accidents (2) income maintenance to people sustaining work-related injuries and (3) provision of rehabilitation services to assist injured people to return to the active work force. To discharge these obligations, the WCB operates with a multi-program structure in the fields of claims administration, appeals, safety education, medical and vocational rehabilitation and financial management.

In administering the Act, the WCB operates as an independent program delivery agency. Its linkage through its Board to the Ministry of Labour has little operational significance. Beyond its annual reporting commitment, the WCB operates at arms length from the government with respect to its revenues and resource utilization. It does not call on the government for any funds; its employees are not civil servants; nor does it utilize to any extent central services of the Ontario Government in its operations.

Until recently the WCB operated in a stable social environment. The Workmen's Compensation Act historically contained a level of social legislation found elsewhere only to a limited extent. The need for active policy planning was limited to recommendations for benefit increases to counter the effect of inflation.

Today, with the gradual encroachment of external influences caused by legislation covering health care, income maintenance, job placement and training services, and as a result of greater interest by the general population in the nature and administration of social programs, the WCB inevitably becomes a high profile organization. It interacts continuously with large numbers of people - employers, claimants and appellants, organized labour and members of the medical profession.

These subtle but profound social policy shifts, taken together with general societal trends, mean change for the WCB. The organization for the fifties and sixties is operationally inadequate - indeed obsolete - in the seventies. We see as inevitable in the future a changing role for the WCB - a role in which it would display different operational characteristics in terms of its activities, human resources and relationships.

THE REPORT

Structure

The report, reflecting the comprehensive approach to the study, is divided into a number of segments arranged in a sequence to facilitate the reader's task. Following the introductory material and the summary containing all recommendations, Part I deals with the major organizational questions and the crucial external relationships. Parts II and III are concerned with operational activities and utilization of resources. Part IV raises certain issues not part of the study terms of reference, but which deserve comment, and considers possible long term policy trends. We have attempted to maintain a balance between report length and readability. Descriptive and analytical detail has been kept to a level consistent with reasonably explanatory content.

Definitions

To avoid ambiguity, the term "the Board" is used in the report only to describe those members appointed by the Lieutenant Governor in Council "as a body corporate" (Section 54), not in the sense of the total organization; the term "WCB" is used as a reference to the organization as a whole.

The term "program" is often used in the text as a reference to the major activities of the WCB - adjudication, financial management, rehabilitation and safety education. "Resources" relates to the people, facilities and information utilized by the WCB in the conduct of its activities. The "Act" refers to the Workmen's Compensation Act.

SUMMARY

The recommendations contained in this report are designed to enhance the performance of the WCB - in terms of its operations, its relationships and its ability to adapt to social policy change. They are designed to meet the urgent needs of the present while laying the groundwork for longer term change. We believe that our proposals are both necessary and realistic, and can be implemented over the short to medium term future.

This is not to suggest we have opted for reaction over reform; on the contrary we propose nothing less than a major reorganization of the WCB. We can state with conviction that implementation of our proposals will be reflected in improved service to the public, in greater operating productivity and in the WCB joining the mainstream of social policy development.

To recommend changes which are insensitive to reality (the WCB, despite its size, is only a small part of the large social policy environment) would be a disservice. A well-planned and flexible evolutionary approach to change is our core objective - involving effective service delivery at reasonable cost and a successful integration with future policy trends.

THE MANAGEMENT FRAMEWORK

The current organization is control oriented. Imposing rigid behaviour patterns on its members and incorporating an inappropriate management style for the seventies, it lacks sensitivity - and therefore effectiveness - with respect to external needs and internal operations.

We suggest a strong service orientation should be a predominant characteristic of the organization in the future - moving beyond the notion of efficiency. The WCB's relationships with the public are crucial to achieving organizational objectives; it should also be flexible and adaptive to change. Operationally, this requires that the management system should be keyed to the nature of the diverse activities carried out within the organization, including a greater dispersion of authority and geographic decentralization of public-oriented activities.

We recommend that:

- 1.1 The organization of the WCB be restructured to facilitate achievement of program objectives, to promote operational effectiveness and public responsiveness involving:
- . an increase in the size of the Board from three to five members acting as corporate directors and with limited tenure;
 - . the designation of the Chairman as chief executive officer;
 - . appointment of the Vice-Chairman as head of the Appeals Process with the other three Board members working full time in this activity;
 - . appointment of a General Manager, responsible for all operations of the WCB except Appeals, reporting to the Chairman;
 - . six defined functions reporting to the General Manager: Claims Services, Rehabilitation Services, Public Affairs, Human Resources, Financial and Legal, and Administrative Resources;
 - . an eight person top management team in place of the existing twelve persons;
 - . a name change to Ontario Compensation Commission;
 - . the establishment of a Joint Consultative Committee comprising WCB management, the general public, government, employers and organized labour;
 - . increased linkages with Government, for example, at the Ministerial level and with Management Board.
- 1.2 The effectiveness of the decision-making process be enhanced through:
- . decentralizing decisions within the framework of Board policies and procedures;
 - . the use of committees and task forces to coordinate planning and operational tasks;
 - . eliminating and rationalizing management positions and levels.

- 1.3 The regulations under the Act be broadened to include statements of goals, administrative policies and procedures.
- 1.4 The needs of the public be recognized through the introduction of personalized services involving:
 - . the appointment of counsellors to assist claimants, appellants and persons requiring rehabilitation;
 - . the establishment of information centres in Metropolitan Toronto and throughout the province;
 - . opening hours based on usage patterns;
 - . the use of multilingual personnel as required;
 - . an improvement in the quality of correspondence;
 - . a change in head office reception staff and facilities.
- 1.5 WCB chest examining stations be transferred to the Ministry of Health.

ADJUDICATION

Adjudication is the principal program of the WCB. It comprises two very different activities: Claims Administration, which is high volume, high profile and a major user of WCB resources; and the Appeals Process, less prominent but requiring a high degree of operational sensitivity and scrupulous fairness in application.

Claims Administration exhibits a number of deficiencies - processing delays, a less than adequate service orientation to the public, selectivity in reprocessing claims and work patterns not conducive to high staff motivation - all calling for significant remedial action. Appeal procedures are formidable and selective, unduly rigid and lacking in a high service profile.

A major overhaul of Claims Administration is proposed including decentralization of operations, automatic review of rejected claims and increased internal controls. The proposed Appeals Process, while remaining attuned to the spirit of enquiry, reflects greater procedural flexibility, improved communications with appellants and a specified role for the courts.

We recommend that:

2.1 The Claims Administration activity be reorganized and operationally improved involving:

- . a personalized counselling service available throughout the Province as required and with hours of operation and language capabilities to reflect local needs;
- . case oriented Claims Administrators and, prior to notification to the claimant, an automatic two stage review of rejected claims - all falling within the jurisdiction of Claims Services and eliminating the current first stage of the Appeals Process - the Review Committee;
- . the introduction of formal claimant applications for compensation and the increased publicizing and enforcement of late reporting penalties;
- . the reorientation of work patterns to increase staff job satisfaction and knowledge;
- . the placement of district offices and Medical Services within the jurisdiction of Claims Services;
- . increased automation of claims processing, more effective records management procedures, establishment of modern telecommunications links between district offices and head office and the development of comprehensive claims statistics;
- . the urgent introduction of internal controls into the system of claims disbursements.

2.2 The Appeals Process be restructured involving:

- . the elimination of the Review Committee and the Appeals Tribunal and introducing more flexibility through the full time employment of Board members and Hearings Officers, with hearings throughout the Province as required and in an atmosphere conducive to satisfactory resolution of the case;
- . clear communication to potential appellants on rights of appeal and the availability of Appeals Counsellors, replacing Workmen's Advisers, on the staff of the Ministry of Labour;

- . all evidence being made available to the appellant and his representative;
- . a specific role for the courts in matters of law and jurisdiction;
- . the payment of travel and living expenses not confined to successful appellants;
- . documentation of the Appeals Process in Regulations under the Act;
- . provision of comprehensive appeal statistics.

FINANCIAL MANAGEMENT

An efficient money management program is vital to the WCB's ability to meet current and long term financial commitments. Current activities involve employer assessments, investment management, the provision of adequate reserves and auditing. Our conclusion is that the WCB is not taking full advantage of its powers under the Act or applying appropriate technology or expertise to many areas of this activity.

We are concerned that the diverse yet related activities of this program receive both appropriate technical and management attention. To this end we propose additional coordination beyond normal functional management and Management Committee direction.

We recommend that:

3.1 The employer assessment system be changed involving:

- . increased automation of the processing and files;
- . a raise in minimum assessments from \$10 to \$25;
- . improved collection methods by (1) greater application of legal recourse against delinquent employers and (2) ensuring that the total cost of collection does not exceed the amounts collected;
- . elimination of appeals against penalty assessments made under section 86(7);
- . in the case of payroll audits, the use of improved sampling techniques, the employment of more intensive investigations and the application of enforcement provisions of the Act;

- . the introduction of improved procedures for identifying new employers in conjunction with the appropriate ministries.
- 3.2 Explicit investment policies and methodologies be developed with respect to the nature, type and volume of investments and that professional financial management counsel be retained to provide investment assistance.
- 3.3 The accounting and reporting of funds and reserves be revised involving:
 - . the inclusion of an actuary's certificate in the annual report;
 - . the filing of annual reports with the Superintendent of Insurance;
 - . the clarification of the method for determining the Contingency Balance;
 - . the development of a policy for the funding and accounting for retroactive benefit increases;
 - . the inclusion of clear definitions and explanations of funds and reserves in the annual report.
- 3.4 The financial auditing of WCB operations be strengthened involving:
 - . a merger and upgrading of the Payroll Audit and Internal Audit functions;
 - . the annual audit by a private firm be continued under the overall direction of the Provincial Auditor.
- 3.5 The establishment of a Finance Committee reporting to the Board comprising two Board members, the General Manager, the Secretary/Treasurer and others from Government and the private sector to coordinate the financial management program of the WCB.

REHABILITATION

Rehabilitation services comprise medical and vocational activities. Medical Rehabilitation is carried out at the Downsview Hospital and Rehabilitation Centre; Vocational Rehabilitation is carried out

mainly in Toronto with some geographic decentralization. The Downsview Medical Centre offers excellent treatment facilities which are well managed, but not fully utilized. While the time is not now appropriate for these facilities to become part of the general health care program of the Province, their extended use for non-occupational injury cases could occur without detriment to the existing class of users.

In the case of Vocational Rehabilitation, the WCB operates in a field served by other provincial and federal agencies. We believe that Vocational Rehabilitation resources could be put to best use through a changed role which would more heavily utilize the services of these other agencies, the WCB retaining a core counselling group.

We recommend that:

- 4.1 The Hospital and Rehabilitation Centre remain within the jurisdiction of the WCB at this time but that:
 - . capacity be more effectively utilized through the treatment of non-occupational injury cases;
 - . consideration be given to extending the hours of operation;
 - . facilities for women patients be provided equal to those of men.
- 4.2 Where appropriate, extended use be made of other medical rehabilitation facilities in the Province.
- 4.3 The Vocational Rehabilitation activity be restricted to:
 - . the provision of a decentralized counselling role with referral to existing federal, provincial and other agencies as required;
 - . a small staff of Rehabilitation Specialists to advise Rehabilitation Counsellors and handle difficult cases and to work closely with Medical rehabilitation specialists.

SAFETY EDUCATION

The nine safety associations, with their strong voluntary orientation, operate loosely within the framework of the WCB. Occupational accident prevention programs are carried out at total arms length from enforcement, which is the responsibility of other branches

of Government. The intended level of coordination and control of accident prevention activities envisaged in a 1964 amendment to the Workmen's Compensation Act has not occurred.

We foresee trends developing in the safety education field which will bring occupational and other safety programs closer together. In the short to medium term effective coordination and direction of the overall occupational safety education program within a revised WCB management framework is a prime objective.

We recommend that:

- 5.1 The safety associations remain within the jurisdiction of the WCB at this time but that management and organization changes be made involving:
 - . the abolition of the Safety Department;
 - . the establishment of a Council of Safety Associations, chaired by a senior WCB manager and comprising representatives from each association, other WCB management and senior officials of the Ministry of Labour;
 - . emphasis by the Council of Safety Associations on developing coordinated policies and practices relative to occupational safety in Ontario.
- 5.2 Statistical services to the safety associations and to others concerned in this field be up-graded without delay and that the Statistics Canada classification system be implemented at the earliest possible date.

HUMAN RESOURCES

The WCB is a service oriented, labour intensive organization; it is essential that the personnel profile reflect the existence of strong interpersonal skills and management capabilities.

We are concerned that the lack of opportunity for career mobility, the absence of hiring based on wide advertising, the generous fringe benefit program, promotion by seniority and a less than adequately resourced personnel function has caused the development of attributes which are inimical to the achievement of objectives.

We recommend that:

6.1 Certain human resource policies and practices be amended involving:

- . the appointment and classification of all staff, except Board members, as civil servants;
- . internal and external recruitment of staff at all levels;
- . the appointment of more women to management and supervisory positions;
- . a strengthened and expanded role for the personnel function;
- . the introduction of procedural improvements related to job descriptions, manpower planning systems and personnel statistics;
- . an expanded training program for management and staff;
- . the elimination of incentive payments to solicitors.

6.2 The fringe benefit program conform to the Government program with no loss of existing benefits relating to past service.

ADMINISTRATIVE SERVICES

Administrative services include Purchasing, Systems and Data Processing, Statistical and office services. These support activities are major users of WCB resources.

Both Purchasing and Systems and Data Processing exhibit a number of operational deficiencies requiring correction. In particular, a major overhaul of the Systems activity is crucial to the many procedural reforms which we envisage for the WCB in the future. In addition, we advocate the introduction of a formal program planning and control activity to provide advice and support to management.

We recommend that:

7.1 Formal purchasing policies and procedures together with improved management and operating controls be introduced involving:

- . the establishment of a central purchasing authority and elimination of the current fragmentation of purchasing operations;

- . the much greater use of competitive bidding procedures;
- . improved operating statistics;
- . the introduction of levels of "authorization to purchase";
- . the implementation of a "buy Canada" policy and participation in the Government's centralized purchasing program as appropriate;
- . the admission of the Purchasing Manager to the Ontario Government Council of Purchasing Agents.

7.2 A new information systems and data processing strategy be developed involving:

- . the preparation of a detailed long range development plan, determining priorities as required and utilizing advanced planning methodologies;
- . the upgrading of human resource capabilities specifically at the senior level and the structuring of user-involved project teams;
- . the improvement of systems documentation and user education;
- . a major effort to improve the level and quality of management information;
- . the integration of the Work Study Group into Systems and Data Processing and the elimination of work measurement activities.

7.3 A Program Analysis and Review group be established, replacing the Statistics Group, to provide organization-wide program planning and control advice and support.

7.4 Responsibility for common office services be organizationally integrated using the Government telephone system and private sector copying services.

FACILITIES

The WCB owns and leases various facilities - land, buildings and automobiles. A major change is now in process following the decision

to move to a new head office location at 2 Bloor Street East, Toronto. With time running short before the targeted occupancy date of January 1974, a great deal of planning remains to be carried out. Building identification, public reception areas and parking and cafeteria facilities are matters requiring urgent attention.

The large automobile fleet is not economically operated and major cost savings are possible. A most generous policy is exhibited towards employees required to travel in the course of their business.

We recommend that:

- 8.1 The planning for the impending move of head office to 2 Bloor Street East be expanded involving:
 - . the immediate input into the facilities planning process of key WCB staff and outside planning experts;
 - . the acceleration of office furniture purchases;
 - . consideration of parking and cafeteria arrangements;
 - . identification of the WCB and provision for improved reception facilities;
 - . an early agreement on the disposition of the future surplus office facilities at 74 Victoria Street;
 - . a study of the investment in undeveloped land at Downsview;
 - . the measurement of the potential impact of operational decentralization.
- 8.2 The automobile fleet be managed and operated in accordance with Government policies and practices.
- 8.3 Consideration be given to sub-contracting maintenance services and establishing a more effective maintenance planning and control system.

PUBLIC INFORMATION

The current public information program of the WCB is only marginally visible. Much time is spent on reacting to criticism and the content of the program is meagre, lacking both coverage and depth. Safety

advertising is too broad, is carried out without the participation of the safety associations and is consuming resources which could be spent more usefully elsewhere.

We recommend that:

- 9.1 The use of the public information function to handle service complaints be discontinued and that a comprehensive public information program be developed involving:
 - . the production and continuing distribution of relevant material to insured employees, employers and doctors in the Province;
 - . more active use of both official languages and ethnic press articles and press releases;
 - . modernization of terms, for example, elimination of the term "workman" and recognition of women in the work force;
 - . the use of languages other than English, whenever appropriate;
 - . the use of outside public relations consultants to provide expert assistance.
- 9.2 The current safety education advertising program be discontinued and that a more comprehensive approach be developed in this area in conjunction with the safety associations and within the context of total public information program.
- 9.3 Payments to advertising agencies be made on a time/fee basis rather than on a "percentage of billings" basis.

RELATED ISSUES

Throughout the study certain issues were brought to our attention which, while not within our terms of reference, are of sufficient importance in our opinion to warrant serious consideration by the Government.

As a general observation, it is important that the concept of occupational accident insurance, be *universally* regarded in the same light as other income maintenance programs - unemployment insurance and social welfare payments. Currently the occupational accident

compensation claimant faces more barriers to obtaining his or her *rights* than do persons claiming the other forms of income maintenance. Workmen's Compensation is not a charity.

We suggest also that serious consideration be given to:

- . the elimination of benefit ceilings, the matching of benefits to earnings and the taxing of benefits;
- . protecting long term recipients against the effects of inflation, possibly through the medium of provincial revenues;
- . consolidating all occupational safety inspections under the Ministry of Labour;
- . restricting the use of term "light work" and extending full benefits for a longer period subsequent to the application of this rating to a claimant;
- . publishing full regulations relating to benefit criteria and procedures;
- . awarding recognition to the Red Cross in the matter of first aid.

THE FUTURE

The study has revealed that the single-minded pursuit of efficiency is simply not enough in today's world. Sensitivity and responsiveness to emerging issues together with a service orientation must also be present. The human dimension must be recognized. In any event, large public agencies (any more than large private corporations) can no longer expect to operate independently, with only little, if any, accountability for their actions.

Accident insurance is a matter which will receive increasing attention from government. Several provinces already have made various initial moves to revise the role of their Workmen's Compensation Boards. We suggest that our proposals are both relevant and essential to future policy formulation and that implementation should proceed without delay.

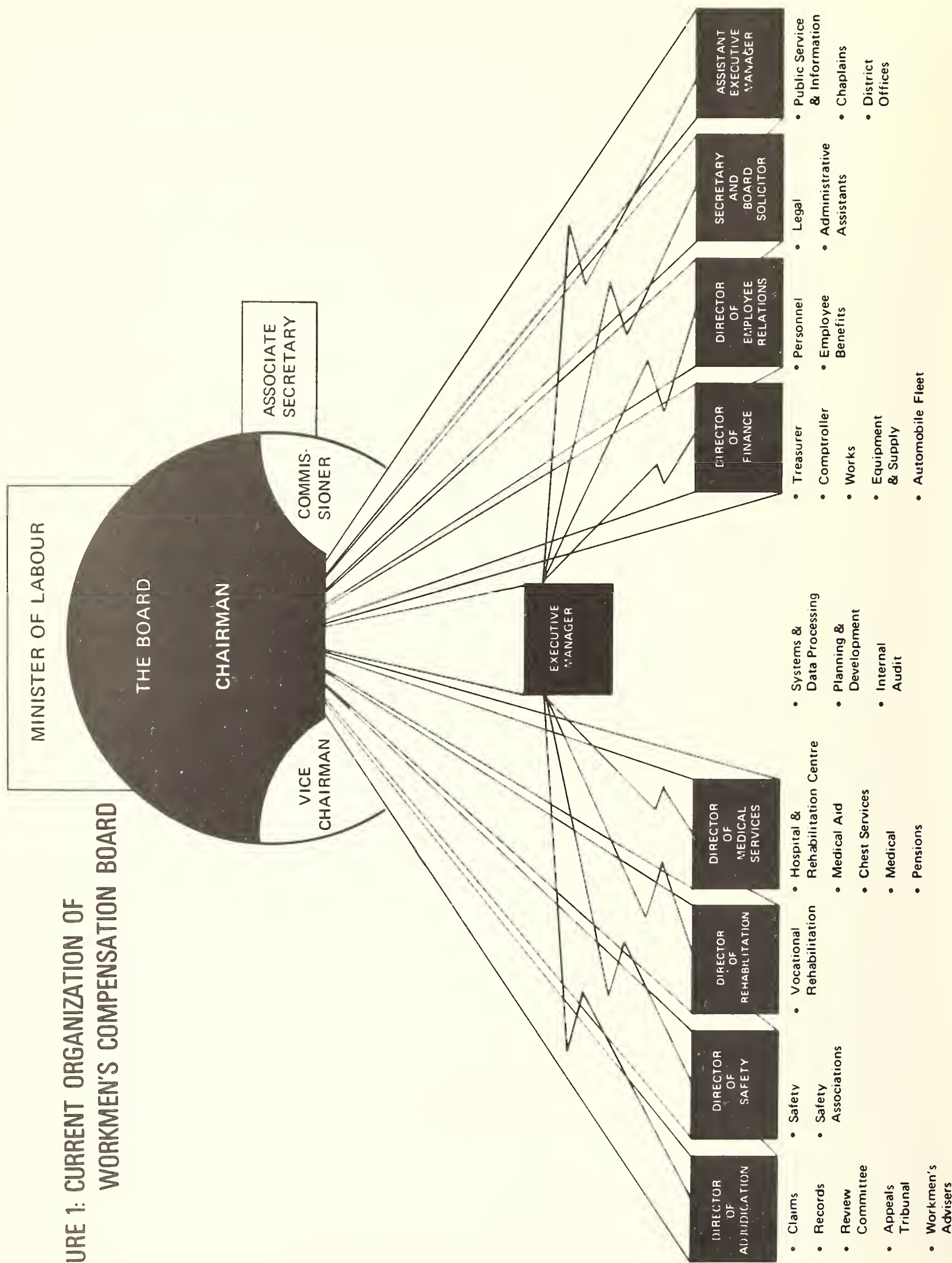
Implementation itself will be a major undertaking. Many of the proposed reforms are susceptible to short term implementation; others, more complex, will take up to two to three years to become fully operational. Undoubtedly there will be changes required in staffing key positions. All will demand careful planning and intelligent management.

PART 1

The Corporate Organization



**FIGURE 1: CURRENT ORGANIZATION OF
WORKMEN'S COMPENSATION BOARD**



How does the WCB perceive its societal role? How is it structured to perform this role? How does it manage its affairs? The answers to these questions provide the vital strategic and organizational framework for the later analysis of programs and resources.

EXISTING CULTURE

General Perspective

The act governing the WCB makes a number of references to administration but these are only of a general nature. No organizational or administrative regulations have been promulgated.

The current organization of the WCB is illustrated in Figure 1. It is a centralized and authority-centred bureaucracy characterized by functional independence, a multi-level management hierarchy and a formidable top management structure.

The management style is cogently explained in the words of the Chairman, who stated at a recent supervisory management development graduation dinner:

"the first requirement of administrative efficiency is to be able to accept instructions.... the second requirement is to be able to give instructions so that those who do the work will have clear directions.... the third requirement of good staff work is control.... only by clear instruction, adequate control and thorough inspection can the art of completed staff work be mastered. That is the stand of the Workmen's Compensation Board which must be practiced with a sense of urgency and a desire for excellence...."

Operating Characteristics

Hierarchy

The pattern of organization exhibits a deeply vertical hierarchy. Within this structure, there are a large number of "one on one" relationships -managers and assistant managers, supervisors and assistant supervisors. There are also many levels of management and supervision; for example, there are nine levels of management

and supervision from the Chairman to the first level of supervision in the Treasurer's Department.

Top management is comprised of twelve people - the three man Board, an Executive Manager and eight principal officers. Members of the Board play equal administrative roles; no one member is designated as chief executive officer. It appears that the Executive Manager is placed in the position of acting more as a senior advisor to the Board rather than acting in a fully directive capacity in relation to the other principal officers and the staff of the WCB. The duties of the principal officers would seem to involve mainly channelling communications to and from the Chairman; they are not active in the management of operations which ostensibly come under their control.

Internal Relationships

The structural independence or compartmentalization of the various programs and activities is reinforced by the absence of relationships between persons and groups in different sections and departments. Position descriptions, for example, mention duties and responsibilities, not relationships. This situation forces the coordination and integration of many activities - the making of many management decisions - to the Board level.

Relationships between people at different levels also tend to be at arms length. The existence of three "restricted" dining areas, based on class of employee, and the complete physical segregation of principal officers from their respective functions are examples of this situation.

External Relationships

The organization maintains few outside linkages beyond its mandatory ministerial relationship stated in the Act. It sees itself as a "pure" program agency concerned only with administration of the Act, not with major strategic questions - assisting in the formulation of future policy objectives. Management are ardent defenders of the *status quo* and the statement has been made that "any change is a sign of weakness."

The Chairman, occasionally supported by others in top management, plays a broad public relations role, explaining the WCB and its activities to interested groups and to other jurisdictions. Operationally, the WCB adopts a low profile and a reactive, almost defensive posture

in its relationships with the outside world. To quote one senior member of management: "we wish to remain obscure, but efficient."

Considerable effort however is expended by the Chairman and certain members of his staff on developing workmen's compensation systems in other jurisdictions. Present activities include work for the Northwest Territories and the State of New Jersey.

A very real measure of selectivity, in fact discrimination, exists in the WCB's relationships with claimants - some conscious some unconscious. This matter is dealt with in more detail elsewhere in the report but one example is the group of administrative assistants who are employed to respond to "important" complaints - complaints from influential persons. This group ensures that problems are expeditiously resolved.

Location

The WCB's functions are carried out in downtown Toronto, at the Downsview Hospital and Rehabilitation Centre, district offices and at chest examination stations. The district offices, located in Ottawa, Sudbury, Windsor, Kitchener, Thunder Bay and North Bay, are small, housing in total only sixty staff out of the total 1,700 staff. These staff are concerned with payroll audit, vocational rehabilitation, secretarial assistance and public relations. The five chest examining stations are located at Elliott Lake, Kirkland Lake, Sudbury, Thunder Bay and Timmins.

Information for Decision Making

Formal information channels, embodying both verbal and written communications, tend to cluster mainly at the top management level - Board members and principal officers. This reflects the centralized top level decision making process of the organization. Much of the information passing in this manner through the central decision making process is institutional and routine - capital expenditure proposals, requests to attend conferences - not performance oriented.

In fact, there is no comprehensive performance reporting system, either financial or statistical, with the result it is difficult for top management to perceive actual and potential problem areas. For example, there is no information system which automatically signals the need for corrective action when delays and other service difficulties occur in claims. Generally, the availability of management information - an important element in effective decision making - is poor. In

addition, as in so many authoritative organizations, information tends to be confined to those items which the transmitter of information believes will satisfy the recipient.

Summary

The WCB exhibits the classical functional and efficiency approach to organization, incorporating stability - even rigidity - independence and emphasis on selective control mechanisms. Recognition of external and internal interdependencies is absent; words such as "service" and "responsiveness" are not part of the lexicon of the WCB.

Currently the WCB is in the unenviable position of embodying most, if not all, the characteristics for which government is often criticized - the faceless bureaucracy, lack of service orientation to the public it serves, lack of vigour in promoting change and time-serving staff. It is doubly unfortunate that the WCB does not possess some of the more positive characteristics of modern government organizations. It has failed to strengthen its staff with highly trained and experienced people in key positions; it can offer only very limited career challenges to its staff; it has either ignored or failed to use many of the very necessary resource services that government employs as a matter of course to improve its effectiveness; and the vague, dispersed but persistent murmurings of discontent from its users have been insufficient to inject a service orientation into its operations.

NEW CORPORATE ORGANIZATION

That the organization and management system of the WCB needs changing is not a point for dispute - a matter which goes beyond the notion of efficiency. We see convincing evidence that action can and should be taken to implement improvements at the efficiency level but the main issue is quite simply - can the current organization meet the needs and emerging issues of the seventies? The answer to this question must be negative in view of the WCB's lack of responsiveness to its environment, its decision-making imbalance and rigidity, and its paternalistic attitudes to users and staff.

Criteria

We believe the organization of the WCB should satisfy the following major criteria:

- * responsiveness. The WCB should be positively and actively responsive to its insured public, employers and government.

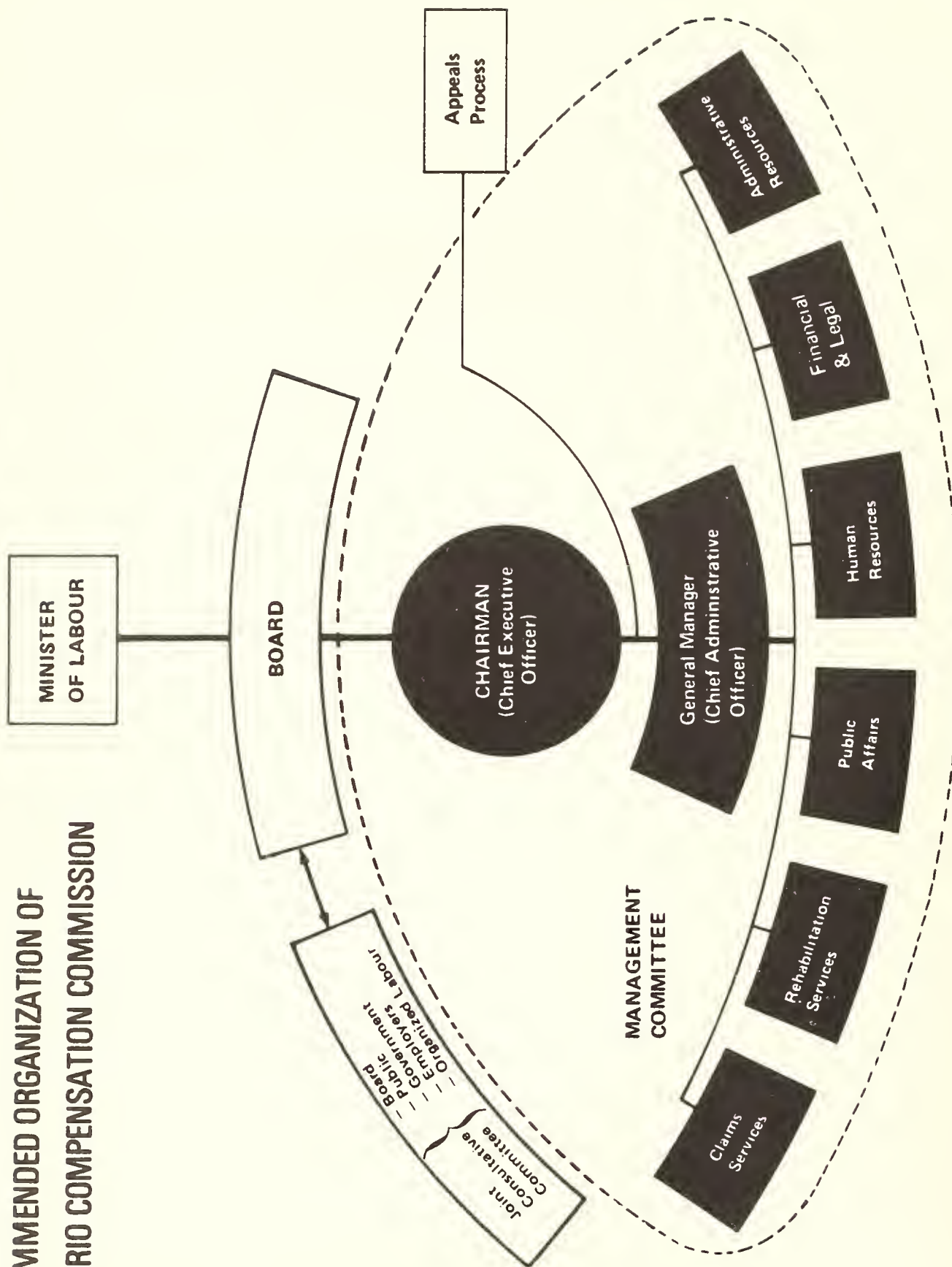
- * productivity. The WCB should operate with efficiency. This means in this instance a minimum level of cost compatible with defined service levels. There is little virtue in low costs if service levels are inadequate.
- * motivation. The human resources of the WCB should work in an organizational climate conducive to working effectiveness. The traditional motivators - money and benefits plus a modicum of authority induced fear - have been a characteristic of the WCB's approach to this question in the past. Increasing service levels in the future depend on increasing the positive motivation of WCB staff.
- * coordination. The many different activities of the WCB and the need for additional public responsiveness call for strong coordinating and integrating links to be established throughout the organization. This implies that staff should have well defined roles and relationships; committees and internal task forces should be used selectively but more extensively and communication lines should be as short as possible.

Organization Structure

On the basis of our review of the organization, we conclude that the WCB in its present structural form is not in a position to meet its efficiency and effectiveness objectives. We recommend that:

- 1.1 The organization of the WCB be restructured to facilitate achievement of program objectives, to promote operational effectiveness and public responsiveness involving:
 - . an increase in the size of the Board from three to five members acting as corporate directors and with limited tenure;
 - . the designation of the Chairman as chief executive officer;
 - . appointment of the Vice-Chairman as head of the Appeals Process with the other three Board members working full time in this activity;
 - . appointment of a General Manager, responsible for all operations of the WCB except Appeals, reporting to the Chairman;
 - . six defined functions reporting to the General Manager: Claims Services, Rehabilitation Services, Public Affairs,

**FIGURE 2: RECOMMENDED ORGANIZATION OF
ONTARIO COMPENSATION COMMISSION**



Human Resources, Financial and Legal, and Administrative Resources;

- . an eight person top management team in place of the existing twelve persons;
- . a name change to Ontario Compensation Commission;
- . the establishment of a Joint Consultative Committee comprising WCB management, the general public, government, employers and organized labour;
- . increased linkages with Government, for example, at the Ministerial level and with Management Board.

Figure 2 provides an outline of the proposed corporate organization structure. Subsequent chapters discuss in greater detail certain topics, for example, Appeals and Public Information, only broadly mentioned at this time. We accordingly confine our following comments to topics which require current discussion or mention for the purposes of continuity.

The Role of the Board

Under the proposed reorganization, we suggest an expansion of the number of Board members from three to five. This number should not be necessarily fixed at this level; it should reflect the volume of the Appeals Process. Currently, five members should be sufficient.

Board members would play two major roles. First they would act as a board of directors in the corporate sense, meeting regularly - but probably quarterly - to deal with policy issues and major operational planning and control questions. The Chairman would be a full time chief executive officer. Other members, under the Vice Chairman, would be involved full time in the Appeals Process, which would now be organizationally separate from Claims Administration; the Vice Chairman and other members would not be assigned any general administrative responsibilities as is now the case.

The duties of the Board members will demand the employment of high calibre and experienced people, capable of acting objectively and with sensitivity. Members should be drawn from diverse backgrounds, with age or sex not being determining factors. The tenure of each Board member should be limited to five years subject to renewal by the Lieutenant Governor in Council.

Top Management Team

A team of eight people would effectively discharge top management responsibilities of the WCB: the Chairman, General Manager and six heads of functions. Together, these eight people would act as a management committee, meeting monthly to monitor organization performance and to plan future operations.

Role of Chairman and General Manager

As chief executive officer, the Chairman would be concerned internally with the overall coordination and management of the WCB. He would also play a major external role through his relationship with the Ministry and other bodies. The General Manager, reporting to the Chairman, would be responsible for the operations and administration of all WCB programs except the Appeals Process.

Functions Reporting to the General Manager

These six functions are discussed in greater detail in later chapters; briefly their proposed purpose is as follows:

- * Claims Services - the initial adjudication process expanded to include district offices, claims review (the Review Committee) and medical services;
- * Rehabilitation Services - medical and vocational rehabilitation activities;
- * Public Affairs - an expanded public information service and coordination of safety association activities;
- * Human Resources - the personnel function, including employment, salary administration, training and employee relations;
- * Financial and Legal - treasury, accounting, internal audit and legal activities;
- * Administrative Resources - information systems and data processing, records management, office services, operating services (including purchasing and automobile fleet), and program analysis and review (previously statistics) activities.

Name

In our recommendation for a name change to Ontario Compensation Commission, we recognize two influencing factors. The term "workman" is obsolete and has an unnecessary sexist connotation. In addition, we foresee the possibility in the longer term of expanded accident compensation programs resulting in a changed role for the WCB.

Joint Consultative Committee

This Committee would serve as an essential two way communication device and assist in promoting external relationships. We see it acting in an advisory capacity only - as an early warning system to detect policy trends and possible problems. At the same time, the Committee would be made aware of WCB plans and activities to promote a greater understanding of its objectives and operations. Committee membership would include representatives from WCB management, the general public, government, employers and organized labour. The Committee chairman would be elected from among its members.

Increased Links with Government

The existing arms length relationship with government brings with it a number of operational disadvantages which, in our opinion, require correction. We deal with many of these questions in later chapters -for example, should WCB staff be civil servants, to what extent should central government services be utilized, what type of linkages should be established with the Superintendent of Insurance and the Provincial Auditor, and what level of integration should exist between safety education and enforcement?

From a corporate standpoint, the first point requiring resolution is the relationship of the WCB to the Ministry of Labour; the second is the possible role of Management Board in the operations of the WCB.

Stronger and more formal linkages between the Chairman and the Ministry are needed. The Chairman must meet monthly with the Minister to discuss policy and administrative matters related to the Act. Semi-annual meetings should occur between the Minister and the five member Board. We also urge a continuing relationship between the Chairman and his senior management with the Deputy Minister of Labour and his senior advisers.

We advocate establishing a direct relationship between the WCB and the Management Board through the Ministry of Labour to provide Management Board with more information on the WCB. Beyond the annual external financial audit, there are now no outside checks on the WCB; competitive market forces do not, of course, exist. A role for the Management Board would provide a valuable check and balance on the WCB through program analysis, review of estimates, monitoring managerial efficiency, and assessing the long and short term implications of new proposals. The Minister of Labour should act as the link between the WCB and Management Board. This is consistent with his responsibility for the WCB as set out in the Act.

It may be that a reporting relationship with Management Board cannot be established without receipt of funds from the Consolidated Revenue Fund. But in this connection, we note that the WCB has never taken advantage of a provision in the Act (Section 81) for "defraying...expenses...not exceeding \$100,000...." Also, as indicated later, it may be proper to utilize the Consolidated Revenue fund to remunerate beneficiaries whose benefits have been eroded by inflation.

COORDINATION

Gearing the organization to greater responsiveness and motivation, we envisage the injection of an improved decision making capability at all management levels. We suggest that, given the appropriate operating guidelines, decisions should normally be made by those closest to the point of action - the concept of decentralizing management and supervision.

The interdependencies which exist among the many different WCB activities should be recognized through the establishment of various coordinating and integrative mechanisms, such as committees and task forces. The use of these interfunctional or multidisciplinary devices to integrate activities requires early exploration. We see their application in the areas of, for example, claims complaints, internal controls, development of statistical and management information, planning the move to new facilities and computer systems development.

One of the major inhibitors to effective decision making is the current multi-level management system which now exists in many areas of the organization; communication links are unnecessarily long and weak. Medical Services (including the Hospital and Rehabilitation Centre and other medical departments) are the exception with a minimum hierarchy and a broad dispersion of authority, reflecting

a team orientation. There are opportunities for significantly reducing management and supervisory positions, opportunities which if taken would provide dramatic improvements in management and operational effectiveness.

To promote more effective administrative coordination, we recommend that:

1.2 The effectiveness of the decision making process be enhanced through:

- . decentralizing decisions within the framework of Board policies and procedures;
- . the use of committees and task forces to coordinate planning and operational tasks;
- . eliminating and rationalizing management positions and levels.

REGULATIONS

The goals and administrative policies of the WCB must be widely understood, internally and externally. For example, statements of objectives and claims policies should be available on a general basis. We recommend that:

1.3 The regulations under the Act be broadened to include statements of goals, administrative policies and procedures.

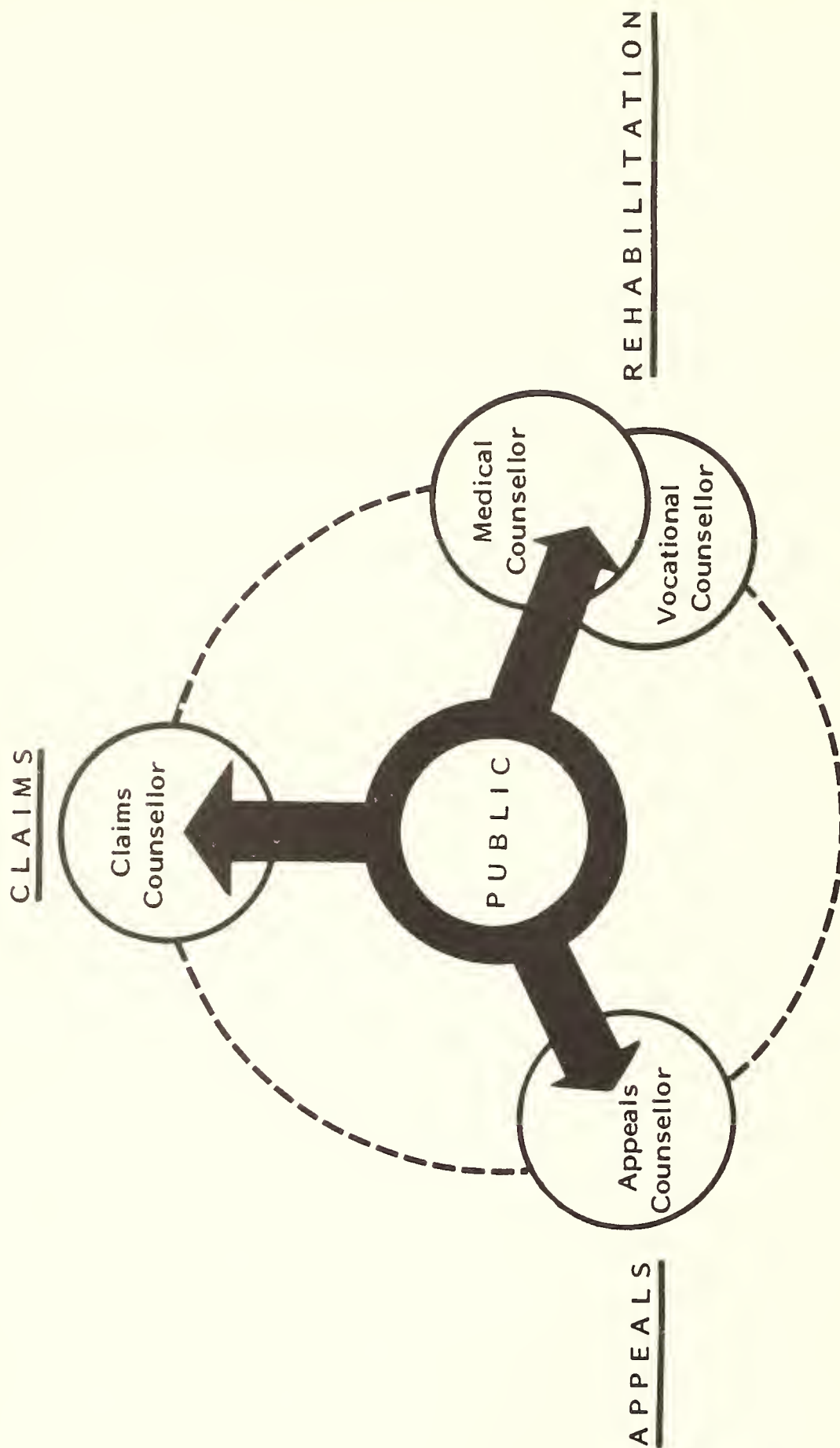
Regulations are readily revised without requiring amendments to the Act.

THE WCB AND THE PUBLIC

The WCB exists to serve people; it is a people to people enterprise concerned with the necessities of life - income maintenance, health care and jobs. The manner in which it communicates and interacts with its public materially affects how it is perceived by the outside world - the level of regard in which it is held. And it is axiomatic that operational efficiency and effectiveness is impossible if service levels are not adequate.

The people WCB serves, either directly or indirectly, are drawn from a number of major societal groups including employees (and

FIGURE 3: MEETING THE NEEDS OF THE PUBLIC



their families), employers, doctors, organized labour and the media. External service relationships fall into two main categories:

- * the specific relationships which are formed during the course of business - with claimants, appellants, persons requiring rehabilitation;
- * the general relationships based on a public information program.

The first category is discussed below - the second in the later chapter dealing with public information.

Interacting With The Public

There are a number of ways in which the WCB deals with the public - by letter, by telephone and by personal contact. Each program will place a different emphasis on its relationships; for example, the Appeal Process must rely heavily on written evidence and personal contact, while Claims Services demands also heavy telephone use. But they all have one common factor - constant interaction with the public.

A Role For Counsellors

It is not sufficient for the public to be confronted with anonymous telephone voices or unnamed staff. We believe personalized contact is essential.

Figure 3 illustrates our approach. We envisage that a person using any service of the WCB should have a personal point of contact - a person with a name - as part of regular administrative procedure. Staff coming into contact with the public should wear name tags.

We also envisage the appointment of counsellors to assist claimants, appellants and people receiving rehabilitation services. The nature and role of these individual counsellors are discussed more fully in later chapters dealing with individual programs, but their general purpose would be to ensure equality of service, to provide a channel of communication to the area of the WCB with which the enquirer is concerned and to ensure relevant information is obtained without delay.

With the adoption of this approach, the handling of queries and complaints on the currently selective and fragmented basis should cease. The flagging of files which occurs, for example, because

of a representation by an elected official is not a practice we can condone. It is not appropriate for the administrative assistant group or Board members to deal with "high level" complaints or for the Manager of Public Service and Information to spend a large amount of his time dealing with the continuous queries received from the Toronto Star's *Star Probe*. All complaints should be channelled through the appropriate Counsellor to the appropriate area of the organization.

Regional Requirements

With the exception of the limited number of district offices with their limited function, the travelling Appeal Tribunal and the specialized chest examining stations, the WCB is a totally centralized operation. This is a situation which does not serve the people of the Province well. It is, except perhaps for the Downsview medical facility, also unnecessary for operating efficiency. The availability of modern communication systems and data processing technology means that geographical distance becomes vastly less important.

We see the requirement for the provision of offices throughout the Province, housing a Claims Counsellor and other personnel as necessary, determined by the size of the volume of potential users of the services of the WCB. In Metro Toronto, and other large urban centres, some of these facilities could be in the nature of storefront offices located in high use areas, in other centres located with other Government offices. With the appropriate communications links in place, other activities such as claims processing and filing, would continue to be carried out centrally.

In addition, evening and weekend office openings merit consideration. We do not suggest uniformity in opening hours; rather, each office should open to serve the needs of the public in its own area.

Language Needs

The language profile of Ontario has changed dramatically in the last twenty years. The first language of a significant proportion of the work force is now a language other than English. Many people have come to Ontario from countries in which occupational accident programs are delivered quite differently; a good percentage work at high risk jobs.

Inadequate provisions have been made to meet this situation. Certain

claims information for employees and employers is printed in five languages and interpreters can usually be found when required. But no real effort has been made to provide what we consider a proper level of assistance.

We are aware that because of the many languages which are now spoken by Ontario residents, a solution will not be easily found. Nevertheless, we suggest that significant improvements could be made by the introduction of a number of steps along the following lines: the use of multilingual personnel as Counsellors in certain Metro Toronto storefront locations (see Figure 4); all basic literature on rights and procedures to receive multilingual publication; and a panel of interpreters to assist with Claims Administration and Appeals.

General Services

Two areas in which service, in our opinion, is unsatisfactory are correspondence and head office reception.

WCB correspondence, much of which is form letters, tends to be abrupt, couched in officialese and is often incomplete or unclear. We suggest that professional public relations consultants could be usefully employed to improve form correspondence and to conduct seminars for WCB staff on written communications.

Reception at headquarters is an unpleasant and sometimes threatening experience. Uniformed security guards, unskilled in friendly interaction with the public, are placed throughout the building. To quote one guard (based on heavy Monday traffic), "they have all weekend to think up their story." In addition, reception areas are inadequate. Nothing is done to make the public feel welcome or comfortable. In contrast we note, for example, that the British Columbia WCB employs men and women in distinguishing blazers in a pleasant lobby to greet the public with the words "may I help you?"; free coffee is available.

We are not aware of any planned changes to these procedures in the move to the new head office building except that the facilities, being newer, might be less forbidding. The situation might even become more complex as the WCB has no reception space on the ground floor; visitors will have to go to the seventh floor.

Recommendation

We recommend that:

FIGURE 4: A NEW RESPONSIVENESS – A POSSIBLE FUTURE ADVERTISEMENT

ONTARIO

COMPENSATION COMMISSION

(Formerly WORKMEN'S COMPENSATION BOARD)

Store-front offices now open

to serve you on claims and appeals

Two West End Locations

multilingual claims

counsellors available

9:00am to 10:00pm

Tuesday — Sunday

1.4 The needs of the public be recognized through the introduction of personalized services involving:

- . the appointment of counsellors to assist claimants, appellants and persons requiring rehabilitation;
- . the establishment of information centres in Metropolitan Toronto and throughout the Province;
- . opening hours based on usage patterns;
- . the use of multilingual personnel as required;
- . an improvement in the quality of correspondence;
- . a change in head office reception staff and facilities.

CHEST EXAMINING STATIONS

Under the Mining Act of 1929, every miner in the Province must have an annual chest x-ray. These x-rays are carried out in five chest examining stations operated by the WCB in the mining areas of the Province.

The WCB x-rays all individuals exposed to silica dust underground, under the Silicosis Act; the Ministry of Health is responsible for x-raying all others exposed to industrial dust conditions in the Province. The WCB and the Ministry of Health use the same basic procedures and standards in their chest examining activities. In addition, the Ministry of Health is involved in assessing WCB silicosis claimants for pension purposes. This Ministry has a Silicosis Advisory Committee which examines each pension claimant and makes recommendations to the WCB on the percentage of disability.

While we have no evidence that the chest examining stations operated by the WCB are not cost effective, we are concerned about the location of this necessary function. The Environmental Health Services Branch of the Ministry of Health is currently engaged in extensive research on industrial chest diseases. One aspect of this research concerns specifically the incidence of cancer among miners in the Elliott Lake area. We feel that data on miners who have worked in Elliott Lake and comparative data on other miners in the Province would be more readily available if Ministry of Health personnel were actually examining miners. In addition, it seems more rational to combine responsibility for all industrial chest examinations than to retain the current separation. This split appears to have no

basis other than history. We recommend that:

- 1.5 WCB chest examining stations be transferred to the Ministry of Health.

Adjudication is the principal program of the WCB and we have subjected its various components to extensive review. Its two main components can be defined under two activity headings: Claims Administration involving the initial adjudication process and the Appeals Process. The Claims Department, Records Department and Medical Departments constitute the former. The Review Committee, the Appeals Tribunal, the adjudication function performed by the Board and the Workmen's Advisers, constitute the latter. The administrative direction of all these components (excepting the Board function and the Medical Departments) now is the responsibility of one principal officer -the Director of Adjudication. The Medical Departments report to the Director of Medical Services.

OUTLINE OF CURRENT ACTIVITIES

Claims Administration

Claims Administration is the core operation of the WCB, highly visible to the public. It is a high volume operation, handling close to 400,000 claims annually, and employs about one third of the total WCB staff.

Claims Administration operations are currently highly functionalized, each individual organizational unit being responsible for a part of the overall process. For example, there are separate groups which deal with claims processing, record keeping, medical advice and payments.

Claims Department

The main function of the Claims Department is to adjudicate claims under the terms of the Act and to authorize the payment of benefits to injured workers or their dependents. Its activities include:

- * determination of basic entitlement to compensation and medical aid benefits in new, continuing and reopened claims;
- * authorization of compensation amounts and certain medical aid benefits within established limits;
- * actual payment of claims;

- * response to external enquiries about individual claims;
- * investigation of claims.

This first level of the adjudication process, headed by the Chief Claims Officer who reports to the Director of Adjudication, has the following organizational structure:

- * ten Claims Sections plus a number of special claims sections (Medical Aid Claims, Fatal Claims, and Pensions);
- * Claims Services, which acts as the service arm of the Claims Department. It contains a separate section for communications, enquiries, investigations and telephone answering;
- * a special projects officer.

Records Department

The Records Department serves the Claims Department by:

- * maintaining employers' accident records;
- * maintaining and controlling the movement of claims files;
- * providing a mail service;
- * establishing a record of new claims.

Medical Departments

The medical departments involved in the system are the Medical Department, Medical Aid Department and Pensions Department. Medical personnel are attached to each individual claims section, and also to those sections devoted to pensions and fatal injuries.

Appeals Process

If a claimant does not accept the disposition of the initial claim by the Claims Department, he may appeal. If an employer rejects the amount of assessment or disputes an award to an employee, he may also appeal.

FIGURE 5: APPEALS - A FIVE YEAR ANALYSIS BY LEVEL

	1968		1969		1970		1971		1972	
	Decisions Changed*	Total Appeals	Decisions Changed*	Total	Decisions Changed*	Total	Decisions Changed*	Total	Decisions Changed*	Total
Review Committee	22.8%	4,757	17.3%	4,177	18.5%	3,889	21.9%	3,695	20.3%	4,370
Tribunal	44.2	1,381	51.0	1,258	52.0	1,210	50.8	1,066	47.4	1,420
Board	50.5	301	43.4	235	61.8	217	58.9	192	46.3	285

* % changed in whole or in part.

Source: Workmen's Compensation Board.

The number of appeals made to the WCB relating to either rejected claims or employer assessments is small in terms of volume, but significant in that each appeal requires individual and experienced attention in order to ensure that each appellant is treated fairly. Claims Administration and the processing of employer assessments, on the other hand, are high volume, essentially production oriented tasks and have little in common with the specific sensitivities of the Appeals Process.

The current system of appeals was introduced in the mid-nineteen sixties. It is a three stage system comprising:

- * a Review Committee which makes decisions on the basis of evidence contained in current files or supplemented investigations; no hearings are conducted;
- * an Appeals Tribunal which conducts hearings with the appellant, including representatives if these are involved;
- * the three man Board which is the final level of appeal and which again conducts hearings with appellants, including their representatives if these are involved.

Review Committee

The Review Committee has seven members, all of whom have had many years of service at the WCB in the claims area; average years of service is twenty-nine years, average age is fifty-one years.

The appeal mechanism calls for one member of the Committee to review the appellant's file which is then passed on for a similar review by a second member prior to a decision being made. Further investigations or medical examinations may be requested, if considered necessary. In addition, written submissions by a Workmen's Adviser, doctor or other representative may be received. The general purpose of the review stage is to ensure that adequate inquiry has been made at the initial adjudication level and that full consideration has been given to all recorded evidence.

As indicated in Figure 5, the level of appeals both in terms of total received and disposition has remained reasonably constant during the period 1968 to 1972. The workload, at approximately 350 appeals per month, is fairly evenly distributed throughout the year. About one fifth of appeals at this stage result in a change to the original claims decision.

Appeal Tribunal

The Appeal Tribunal is composed of six members plus a secretary. Members are drawn from long service claims staff, and include a doctor and a lawyer.

Hearings are normally conducted by two members of the Tribunal. The majority of hearings (over seventy-five per cent) take place in Toronto. Hearings are also held in Ottawa, Windsor, Thunder Bay, London, Timmins, Sudbury and Sault Ste. Marie, but are not held in these centres until there are sufficient cases to "justify" a trip - usually eight cases. It is normal on such trips for one member of the team to be a doctor.

Normally the appellant appears with a representative at the hearings of the Tribunal. These representatives are frequently from the appellant's union, sometimes fellow workers and, less frequently, solicitors. Members of the Legislature also appear from time to time. A Workmen's Adviser cannot appear in person before the Tribunal and can only submit a written brief, unless appellant is a non-resident.

In 1972, as shown in Figure 5, the total appeals received by the Appeal Tribunal amounted to 1,420. Approximately 47% were accepted either in whole or in part.

The Board

The Board is the final level of appeal and consists of three members - the Chairman, the Vice Chairman and the Commissioner. As in the case of the Appeal Tribunal, the Board holds hearings with appellants and may question any aspect of the case. Unlike the Appeal Tribunal, the Board can entertain a verbal representation from a Workmen's Adviser.

The Board sits only in Toronto, although under Section 67 of the Act it is empowered to hold sittings in any part of the Province - "where it is expedient to hold sittings elsewhere and, in that case, sittings may be held in any part of Ontario."

Appeals heard by the Board range between 200 and 300 each year. There has been no upward trend in the level of appeals to the Board during the last five years. In the last five years, the percentage of appeals allowed in whole or in part has varied between 43% and 62%.

Workmen's Advisers

The two Workmen's Advisers are WCB staff. The first Adviser was appointed in 1966 with the initial power of making written submissions at all levels of appeals, in addition to dealing with certain complaints and inquiries at the claims level. In 1970, these functions were modified to permit personal representation at the final appeal level, that is representation before the Board; at that time, a second Adviser was added. The Workmen's Adviser cannot appear in person before the Appeal Tribunal except in the case of an appellant who is a resident of another province or country.

The Workmen's Advisers do not travel outside Toronto. Since 1970, they have been called upon increasingly to handle inquiries with respect to claims and appeals in the form of telephone calls, letters and interviews.

REVIEW OF CLAIMS ADMINISTRATION

Structure

Nine of the ten Claims Sections operate in exactly the same manner. Each Section has its own layers of supervision and assistant supervision as well as its own doctor from the Medical Department, record clerks and telephone girls. We feel this duplication and fragmentation of activities has prevented the WCB from maintaining an optimally efficient operation at the first level of adjudication. This highly functionalized - indeed compartmentalized - form of organization might have been rated excellent twenty years ago, but it has not kept pace with modern business management techniques and should be rated poor by today's standards. The only hint of automation is the existence of a less than effective data processing system making limited use of a computer and a microfilm operation.

We are aware that the Board has been experimenting with an alternative first level adjudication process. The tenth Claims Section has been testing this new procedure since early 1971 and the WCB is currently considering selection of its features for implementation in all Sections.

While we approve of the move to reorganize at this claims processing level, we do not believe that the proposed solution meets all of the necessary requirements for improved organization.

The Role of the Claims Officer

The key person in disability claims is the Senior Claims Officer in each Claims Section. He is the point of disposition of the claim - the point where accident reports, medical reports, and any other documentation all come together.

Claims Officers however can and do revise previous decisions, based on verbal or written representation by the claimant; an informal appeal system operates based on the knowledge and perserverance of the claimant. This system operates at all levels; and those claimants with special knowledge or enquiry skills maneuver their complaint up through the Claims hierarchy in the hope of obtaining a more favourable decision. There is no formal system for obtaining second opinions on the disposition of claims.

We are aware of a sense of frustration among Claims Officers caused primarily by the emphasis on the volume of claims processed. This leads to the inevitable rubber stamping by the Claims Officer if all appears to be in order; otherwise, the file may be expeditiously passed along to someone else's desk (the Section Medical Officer, Claims Investigations or elsewhere) in order to process the file and clear the Claims Officer's desk at the end of each day.

A further hindrance to good motivation is the use of seniority as a key criterion for advancement. The step system of seniority based on length of service causes personnel with ambition either to leave the Claims Department or lose their innovative drive. We note that in 1972, 20% of the separations from the Claims Department had less than three months service and 85.7% of those separating had less than five years' service. At the same time, no one at the supervisor or assistant supervisor level in the Department has less than ten years service. We feel justified in concluding that the slow pace of advancement in the Claims Department is a significant factor in the high turnover rate among relatively new arrivals.

The WCB should encourage specialization or provide much needed additional training for development of individual expertise among above average claims personnel. Qualified and well-motivated personnel are essential to this activity.

Accident Reporting

The basic documentation in the claims process is the accident report submitted by the employer and a medical report. Staff have commented

that a serious cause of delay at the first level of adjudication is the absence of one or both of these forms. Sometimes, the WCB first becomes aware of an accident when a worker, who feels he has a rightful claim, inquires why medical or disability benefits have not been paid. At other times, the first knowledge of an accident occurs when the claimant's medical practitioner or pharmacist submits a bill for services to the WCB. In both instances, the WCB must either wait for the outstanding documentation or institute enquiries.

There is no formal provision in the first level adjudication process for an accident report to be submitted by the claimant to the WCB. Under Section 117 of the Act, it is the employer's responsibility to report accidents to the WCB. Since the WCB's first knowledge of many accidents occurs when a claimant makes a written or telephone inquiry about his claim, we feel that accident records could be set up more quickly if claimant accident reports were to become an integral part of the first level adjudication process. Employers and doctors would of course still be required to submit accident reports. This procedure would bring the claimant into immediate contact with the WCB, normally through a Claims Counsellor as recommended earlier in the report, a move which will exert continuing pressure towards early disposition of the claim.

The Act allows an employer 3 days to notify the WCB of an accident. Doctors' reporting is not mentioned in the Act. Section 117 provides for penalties against employers failing to report in the time allowed, a provision which the WCB does not publicize or enforce sufficiently.

We are aware that, in some instances, accident reporting may be delayed because of lack of communication between the worker and his employer or because of the remoteness of the actual job site where the accident occurred from the employer's central office facility through which accident reports must be channeled. Nevertheless, Section 117 would not appear to place undue demands on employers to organize their accident reporting system to comply with the 3 day rule.

Processing Delays

The current structure of Claims Administration - its organization and its systems -coupled with increasing volume has led inexorably to delays and hardships to claimants.

The majority of claims are for medical aid payments and these are normally disposed of within two to three days after receipt

of notification -although reports may be slow in coming. This is a commendable performance. But taking a sample group of longer term compensation disability claims, the average time for disposition in this area is two and a half weeks - not a commendable performance. An experiment in alternative methods of controlling and expediting claims is being conducted in one Claims Section. Results to date have been promising, but after an extended trial the WCB has yet to apply these to other claims sections.

Aside from providing claimants with quick settlement of their claims, we feel that the WCB must respond to claimant needs for information on the status of their claims and on the workings of adjudication process in general. From the submissions we have received and our own observations, it is very evident that the WCB needs to improve its responsiveness and general level of service to claimants.

In our spot check of 100 files, we established that an average delay of 15 days occurs between the date of receipt of first notice or a claimant's request for payment of benefits to the date that first payment is sent out. A review of clock-in and clock-out times of claimants receiving in-person attention in the enquiry section of Claims Services indicated a range of waiting time between $\frac{1}{2}$ hour to 7 hours. Over a 2 day period, the average claimant waiting time was slightly under 4 hours - a highly unacceptable level of service.

Claims Information

Dealing with the WCB presents a formidable challenge to claimants. Write, visit or phone - each method can result in severe frustration. Many people travel from far outside Toronto to obtain information, even though a district office may be located in their area, only to be faced with an intolerable waiting period on arrival at WCB offices. People enquiring by telephone are often transferred from one Claims Officer to another. The problem is that the current system contains no identifiable WCB representative to provide service to claimants. Claims Administration is currently focused on "paper shuffling." This is a necessary ingredient in the system but it completely ignores the more important human dimension.

Records Management

The Records Department acts as a service function to the Claims Department. It consists of a Filing Section, a General Section which handles mail and micro-film, a Records Creation Section and a Service

Section which handles records file cross-reference and indices. Aside from the mail room operation, there is room for significant improvement in every aspect of the records operation.

The crucial area of files management remains at a fairly primitive manual level with less than adequate controls in place. For example, there is insufficient control on the removal of files. Incorrect filing occurs; a recent survey revealed that nine Claims Sections had 459 misplaced files and the Medical Aid Claims Section had 412 mis-files. Currently there are approximately 8 million files in the WCB on which security is virtually non-existent. Also, Claims personnel are permitted to change file information with respect to accidents without proper validation or control. Accurate employer assessments depend on correct accident information; careless file handling cannot be permitted.

To improve records services the WCB should evaluate the creation of an automated filing system. Also plans for improved file back-up, control and access should be established. The use of on-line computer terminals for records creation, maintenance and access should be examined as well as extension of the use of micro-film, which is now applied only to old (closed) files.

Disbursement Control

In carrying out its functions, the Claims Department generates cheques, cancels cheques and has the authority to write off unrecovered over-payments and lost cheques. Our review of the Department's current operations indicates that Claims personnel have a great deal of financial freedom. We are deeply disturbed over this lack of financial control.

No records are kept to verify cheques authorized by Claims personnel. The validity of prescription claims is not verifiable since claimants or pharmacists are not required to specify the nature of prescriptions for which bills are submitted. Recovery of overpayment of claims is the responsibility of the Claims Department and we found that considerable discretion is allowed regarding the write-off of unrecoverable amounts. Unauthorized cheques can be mailed; only cheques with a value over \$1,300 are reviewed -and these by a clerk in the Mail Room!

During the month of March 1973, seventeen cheques with individual values in excess of \$1,300 were queried by this conscientious mail room employee and found to be invalid. We are aware that at least three were caused by very simple errors in cheque creation,

such as the wrong date being keypunched which is taken as correct by the computer. For example, if a date was entered incorrectly as April 14, 1972 rather than April 14, 1973, the computer would automatically calculate payments for the additional year. It is predictable that many cheques under \$1,300 are subject to the same error conditions but are not intercepted in the mail room. We cannot determine the extent of errors or the number of cheques affected.

The WCB disburses to individuals well over \$100 million annually involving close to 500,000 separate payments. An undetermined amount of some significance is clearly lost at present and represents unwarranted charges against employers' claims experience and their assessments. There is urgent need for the tightening of controls.

Lack of Statistical Analysis

Adequate management information on claims is lacking. This makes it impossible to evaluate the trends or causes of industrial injuries, the costs of different injuries and many other factors important to effective Claims Administration. It is difficult to see how management can function at all effectively without adequate and current statistical profiles.

Medical Services Relationships

There are three Medical Departments of the WCB which are concerned with Claims Administration, reporting to the Director of Medical Services. These three Departments are:

- * the Medical Aid Department - which handles payment of claimants' medical bills and arranges for some claimants to receive prosthetics and medical supplies;
- * the Medical Department - which provides a consultant service to the Claims Department by assigning one doctor to each of the ten Claims Sections and also by providing the services of specialists in different aspects of medicine;
- * the Pensions Department - which conducts periodic medical examinations of all claimants eligible for pensions to determine the extent of their disablement.

The total medical complement of these three Departments represents a powerful resource and a considerable investment for the WCB. While every effort must be made to ensure that medical services

related to claims are efficiently and effectively delivered, we feel that significant improvements in the overall level of medical services to Claims Administration would result from a change in the organization relationship and activities of doctors working in this area.

For example, by pooling the medical resources available into one group rather than three, the work of WCB doctors concerned with claims will become more varied. No longer would a doctor be confined to dealing with problems and queries (not always medical) of Claims Officers in a particular claims section. Nor would there be doctors who only deal with pension cases.

This approach would also spread the work load more evenly among WCB doctors, and would eliminate the current need for the Medical Department to second members to assist the Pensions Department. It would also lead to a potential reduction in the number of permanent medical staff required and a substantial salary saving to the WCB.

REVIEW OF THE APPEALS PROCESS

Procedures

The current system of appeals is not ineffective in terms of procedural deficiencies. Nor is there any evidence to suggest that appeals entering the process are given less than full consideration; on the contrary, the present three level process may incorporate a measure of redundancy. We perceive in the present process however considerable rigidity and lack of service orientation.

The present Appeal Process presents a formidable challenge for the appellant. Although appeals are supposed to be conducted within an inquiry rather than adversary framework, this distinction might be difficult for an appellant to perceive readily. Hearings are held in a wood panelled room strongly resembling a court, with two rows of desks facing each other and a "court" reporter in attendance. The only exception to this procedure is when the Appeal Tribunal sits out of town; these hearings are often held in more informal facilities, such as hotel rooms.

The present system appears to be geared to "trial by ordeal". Perseverance in facing the bureaucracy is unquestionably a desirable attribute for the appellant to possess.

Another major problem is that of discrimination, which can occur in three ways. There is little doubt that those appellants who live in Toronto, who can command experienced representation and

who speak English have a distinct advantage in dealing with the WCB. The Workmen's Adviser -despite valiant efforts - is limited in both time and his general mandate. In addition, being WCB employees, the Advisers are inevitably placed in the unenviable position of having to overcome a credibility gap of some magnitude when assisting appellants.

The internal statistical information available within the appeals process is sparse. There is almost no information with respect to the analysis of claims by type, by location or by industry. Nor is there any clear picture of the time involved in processing appeals. The argument has been put forward that each appeal has to be looked at individually - on its merits. It would, however, seem that the availability of statistical analysis would not preclude the achievement of this worthy objective and might well enhance the overall effectiveness of the appeals system.

Representation

The concept of making available to claimants the services of a Workmen's Adviser deserves support. The volume of work of these Advisers has increased over the years and there is no doubt they work hard and loyally in support of their duties. However, the true potential to be gained from such a service to those without recourse to other types of representation is not being achieved because the Advisers are insufficient in number, have only a limited mandate to assist appellants and perhaps most important are currently employed, housed and supervised by the WCB. In the eyes of the public they are simply not seen as being objective and independent advisers. This situation will only be corrected when they are organizationally independent of the WCB.

The Right to Know

Under the current appeal system, information regarding the case is not made freely available to all who need it. A "Summary of Evidence", including a Medical Summary, is made available to the parties involved in each case. On an "informal" basis - in fact a selective basis - the complete file including medical reports may be made available to an appellant's representative (his union representative, doctor or lawyer) if WCB personnel feel the privilege will not be abused; that is if the representative is deemed to be a "responsible" person. In our opinion, selectivity in this matter is indefensible.

In addition, in *Regina vs Workmen's Compensation Board*, ex parte Kuzyk (1968) 2 O.R. 337, the Ontario Court of Appeal observed at page 340 of the Report that the Board advised counsel for a claimant "that it was its policy to make medical reports available to the injured workman's attending doctor and 'if he sees fit to make that available to the man of course that is beyond the Board's jurisdiction and some doctors do this'." This is another example of selectivity, a selectivity which depends on chance and on who the appellant happens to know.

We believe it is a matter of basic right that each appellant in the words of Mr. McRuer "should be entitled to know on what material a decision involving his right is based." The current practice of keeping the appellant ignorant of relevant facts regarding the case cannot in our opinion be sustained on any justifiable grounds.

We agree with Mr. McRuer's opinion that Section 97(a) of the Act which describes medical reports "to be a privileged communication of the person making or submitting the same, and unless it is proved that it was made maliciously, is not admissible as evidence or subject to production in any court in an action or proceeding against such person," is unclear. To quote Mr. McRuer⁺:

"If it was only intended that physicians, hospitals, nurses, dentists, drugless practitioners, chiroprodists and optometrists should be safeguarded against actions for malpractice the statute could well have been framed to say so in clear terms.

We do not question the right of a professional man making a report to the Board without negligence and in good faith to the protection the law affords him. But we ask the question: Why should a member of the enumerated professions be protected against actions based on negligence with respect to reports to the Board while they are not protected in making a report to the patient or his insurance company? The exception in this section "unless it is proved that it was made maliciously" is not very meaningful. It would be most difficult for a workman to prove that a report was made maliciously unless he was permitted to see it."

We agree that it fails to effect the intention of the McGillivray Report. Medical reports should be made available and Section 97(a) should

⁺ *Royal Commission Inquiry into Civil Rights*, Volume 5, 1971, p. 277

be redrafted to give the protection to the authors of the reports that Mr. McRuer recommended against vexatious claims but that otherwise they be made available to the affected parties.

The argument that making medical reports available to those affected by them will be a constraint on frankness was made at the time when the law of Ontario was amended so as to make such reports evidence in trials in the law courts. The fears then expressed appear to have been without foundation. The experience of the courts and of lawyers and judges associated with claims for personal injuries in the courts appears to have been that there is no reduction of frankness or completeness in medical reports as a result of the amendment. Medical practitioners are not required to attend in person; the submission of written evidence is allowed.

Appeals Information

We are aware of a number of instances in which the rights of appeal have not been completely understood by appellants. This is not necessarily the result of any negligence on the part of the WCB, but is perhaps symptomatic of the poor quality of the WCB's external information program. Form letters, which do not always reach the potential appellant, containing standard phrases are insufficient to meet all information needs in this area.

No time limitations should be placed on the launching of appeals. The Board should be given specific authority to relieve against procedural defects; that is, no loss of rights should occur as a result of unfamiliarity with the process.

Language

As in the case of the initial adjudication of claims, we emphasize that fairness in the appeals process demands the recognition of the cosmopolitan nature of the Ontario work force. Appellants, whose first language is other than English, should not be subject to penalty, however unconscious, for this fact.

Environment

The objective of appeal hearings - whether in Toronto or elsewhere - is to arrive at a satisfactory and fair settlement. The current quasi courtroom atmosphere is inhibiting to appellants and unnecessary from the standpoint of efficiency. An appeals inquiry system, involving an administrative tribunal, can be conducted satisfactorily without unnecessary ritual.

Travel

The population of the Province is distributed in three ways: within one large Toronto centred metropolitan region; within a number of medium sized cities and surrounding areas - for example, Ottawa, London, Sudbury, Sault Ste. Marie; and scattered in innumerable small centres over a wide area. On the basis of this distribution, many hearings would be properly held in Toronto and to a lesser extent in the other major population centres.

It is also important that appellants should not be penalized for living in areas distant from the centres in which hearings are conducted. The current system is inherently unfair in this regard as appellants are called upon to pay their own travel and living expenses. These expenses are only reimbursed in the case of a successful appeal. We suggest it would be more equitable if travel expenses were to be paid to all appellants regardless of the outcome of the appeal, unless in the Board's opinion, the appeal was groundless and amounted to an abuse of the appeal process. This would tend to force the Board to allow costs routinely, but give it a discretion to prevent a misuse of the process.

Statistics

The Appeals Process, if it is to be effective, is dependent on the rendering of proper decisions. The level of decision making stems from two sources - first, the capability of the human resources involved in the appeals system; second, the provision of adequate support information -adequate criteria and a data bank of precedents.

The inadequacy of appeal statistics means that little formal knowledge is available with respect to the nature and type of appeal, the location of the appellants and an analysis of appeals disposition. We believe that statistical profiles of past appeals are of fundamental importance to future system effectiveness.

Regulations

The current Appeals Process has been in operation for approximately eight years but has not been written into legislation. It is a highly important and sensitive activity of the WCB and should be documented in detail in the regulation of the Act.

Position with Respect to the Courts

The Board now has exclusive jurisdiction under the Act. Section 72(1) states in part that "...and the action or decision of the Board thereon is final and conclusive and is not open to question or review in any court and no proceedings by or before the Board shall be restrained by injunction, prohibition and other process or proceeding in any court or be removable *certiorari* or otherwise into any court...". The only exception to this, as Mr. McRuer has pointed out, is that statutory provisions of the sort we have just quoted do not necessarily prevent access to the courts to determine questions of *ultra vires*.

Administrative Tribunals are clearly effective and low cost delivery mechanisms but equally clearly their power should not be absolute. We believe the courts should play a role in the areas of law and jurisdiction.

We support the McRuer Report recommendation which stated:

"Where compensation is refused on the grounds other than a question of disability, the Board should be empowered to state a case for the opinion of the divisional court of the high court of justice on any question of law. The claimant should have the right to apply to the court for an order directing the Board to state a case if it refuses to do so."

We note the opportunity to seek the opinion of the high court on troublesome questions of law or jurisdiction is one that has been conferred very widely upon Canadian tribunals. It is, however, usual to provide in addition an alternate means of obtaining the court's opinion to provide for cases in which the tribunal refuses to state a case and one or the other of the parties feels strongly that the opinion of the court should be sought. We believe that the McRuer recommendation should be expanded to provide for an appeal to the Divisional Court of the High Court of Justice at the instance of a party against a decision of the Board upon a point of law or jurisdiction.

There is ample precedent for this. One that is close at hand and has been frequently exercised occurs in the legislation governing the Ontario Municipal Board. The Board is authorized to state a case for the opinion of the court either at the request of a party or on its own and furthermore an appeal is provided against a decision at the instance of a party on a question of law or jurisdiction. There are numerous other examples.

The provision of this kind of access to the courts is, of course, contradictory to clauses such as the one providing that the decisions or actions of a tribunal shall not be open to challenge or review in the courts. The "privative" clause, Section 72(1), should accordingly be amended so as not to contradict opposed sections of the Act that would provide for access to the courts either by way of a Stated Case or an appeal on the restricted grounds that have been previously stated.

THE NEW ADJUDICATION PROGRAM

In our discussion of corporate organization earlier in the report, we emphasized that the nature of first level adjudication - Claims Administration - and Appeals differed considerably in terms of environment, activities, volume and resources. This differentiation called for organizational separation of the two major activities of the program, with the proposed Claims Services being treated as an administrative function under a head of Claims Services reporting to the General Manager and the Appeals Process being the full time responsibility of the Vice Chairman. The Chairman, in his capacity of chief executive officer, would act as the main formal point of integration between the two activities - reflecting their level of importance in the organization (see Figure 6).

Claims Administration

We cannot overemphasize the importance we place on operational effectiveness at this first level of adjudication. In 1972 the WCB handled close to 400,000 claims. This high volume, plus the fact that the working public perceives the WCB's main function as settling claims, makes it imperative that the WCB has an adjudication procedure at the initial level which provides for adequate consideration of the merits of individual claims. Furthermore this procedure must deal with claims as quickly as possible.

Aside from our own observations of the WCB's first level adjudication procedure, we were impressed by the fact that over half the 114 submissions we received contained individual complaints against the WCB, mostly dealing with some aspect of the quality of this level of adjudication.

Procedural Outline

Figure 7 illustrates the proposed initial adjudication process. It places emphasis on three features not now part of the process:

FIGURE 6: ORGANIZATIONAL OUTLINE OF THE PROPOSED ADJUDICATION PROGRAM

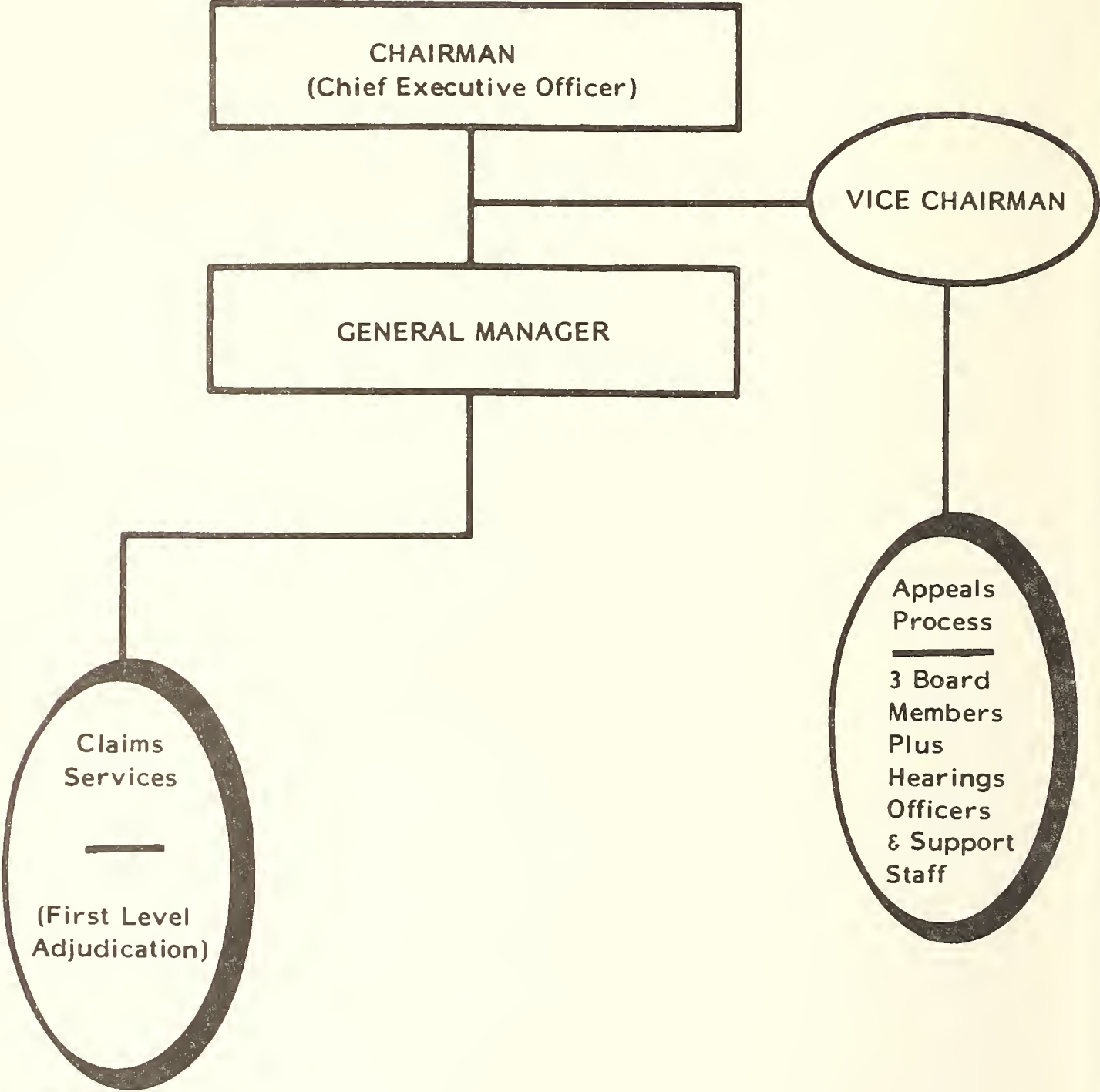
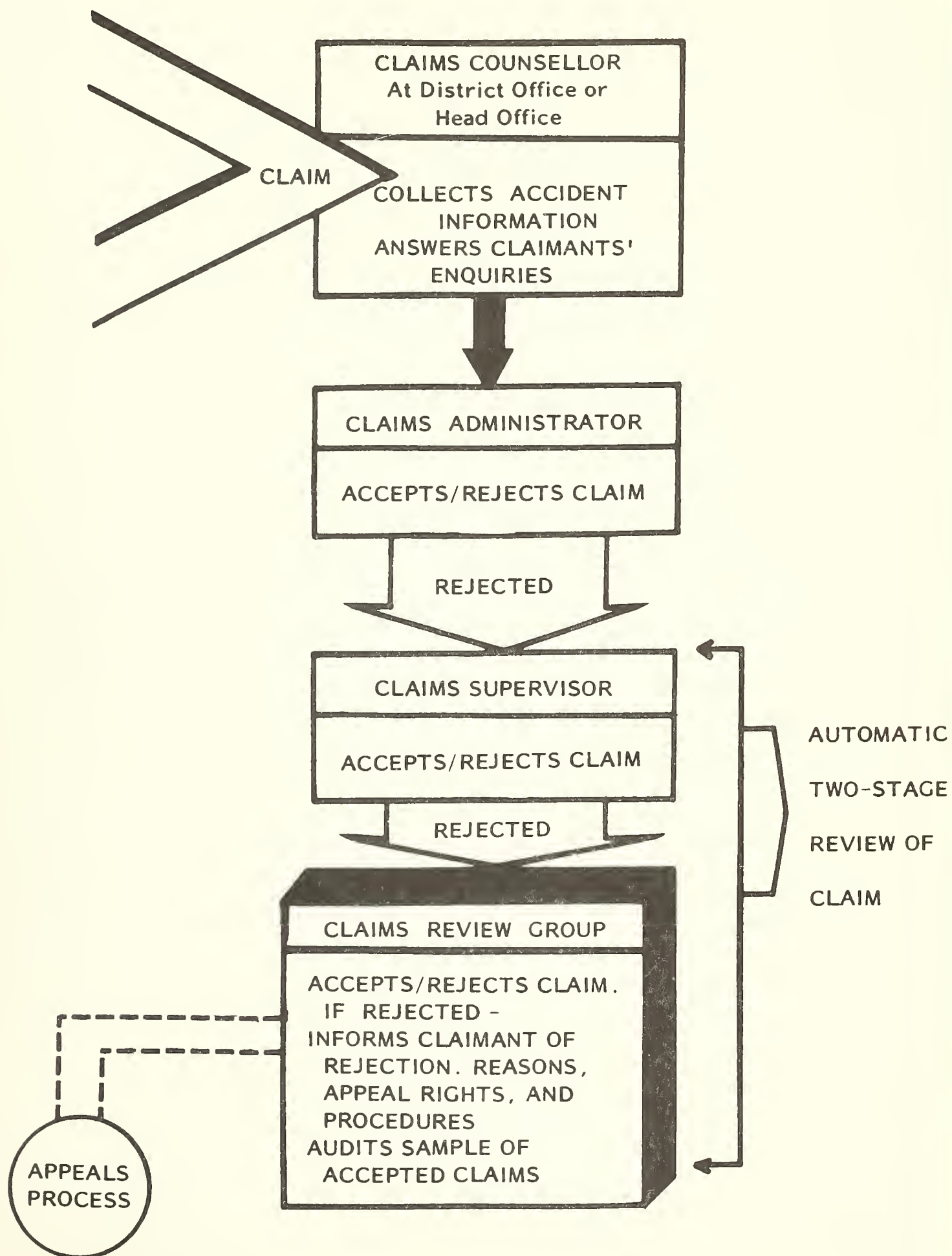


FIGURE 7: THE PROPOSED INITIAL ADJUDICATION PROCESS



- * contact with the claimant through a personalized Claims Counsellor to promote responsiveness, assist in inquiries and minimize delays;
- * an automatic two level review of rejected claims to ensure equity and minimize appeals;
- * provision for formal application by claimants in addition to existing employers' and doctors' notification to speed up claims processing.

We see the Claims Counsellor as the interface between the claimant and the WCB. The Counsellor would ensure that information is collected on time and is the person who would answer enquiries raised by claimants. The Counsellor would be a personalized representative of the WCB. Along similar lines, the Quebec WCB issues a card to each claimant showing the name of the person to contact with respect to any enquiry.

The Claims Administrator (presently called Claims Officer) would be solely responsible for making the initial adjudication decision. Through the Claims Counsellor, the Claims Administrator would ensure that all relevant evidence is collected. The Claims Administrator, after careful review of the available facts, may make a decision to accept the claim, and it would be processed accordingly. If the decision is to reject the claim, the file must be passed immediately to the Claims Supervisor who in turn may decide in favour of the claim and it would be processed accordingly. If, on the other hand, the Claims Supervisor sides with the rejection of the claim, the file is automatically passed on to the Claims Review Group. The introduction of the Claims Review Group function will eliminate the Review Committee and its function as the first stage in the Appeals Process.

The Claims Review Group, which would comprise senior experienced officials, may in turn approve the claim. Should it too reject the claim, it is at this point that the claimant would be first informed of rejection together with an appropriate explanation as well as an outline of how the decision may be appealed. If the claimant chooses to appeal, the claim then moves outside of Claims Services into the separate Appeal Process.

This proposed system is designed to ensure that the most careful attention is given to the applications and enquiries of claimants, that the Claims Administrator's job is to concentrate on enacting decisions on claims, that all essential evidence is collected at the initial level of adjudication, and that rejection of claims is made

only after the most careful scrutiny and audit.

Motivational Aspects

The current assembly line air of claims processing is not conducive to staff motivation and in turn operating effectiveness. Some drudgery is inevitable but as automation approaches, many routine tasks can be carried out by the computer.

We would envisage a shift, to the extent permitted by operating considerations, to more of a job orientation; the nature of the work - a case orientation - tends to facilitate this move. The Claims Administrators would be adjudicators permanently associated with a case and unencumbered with administrative detail. The work of the separate sections now dealing with pensions' and fatal injuries' cases would be integrated into the Claims Sections. If specific expertise is required on pensions or other matters, this can be rendered on a service basis. Medical Aid Claims would continue as a separate Section.

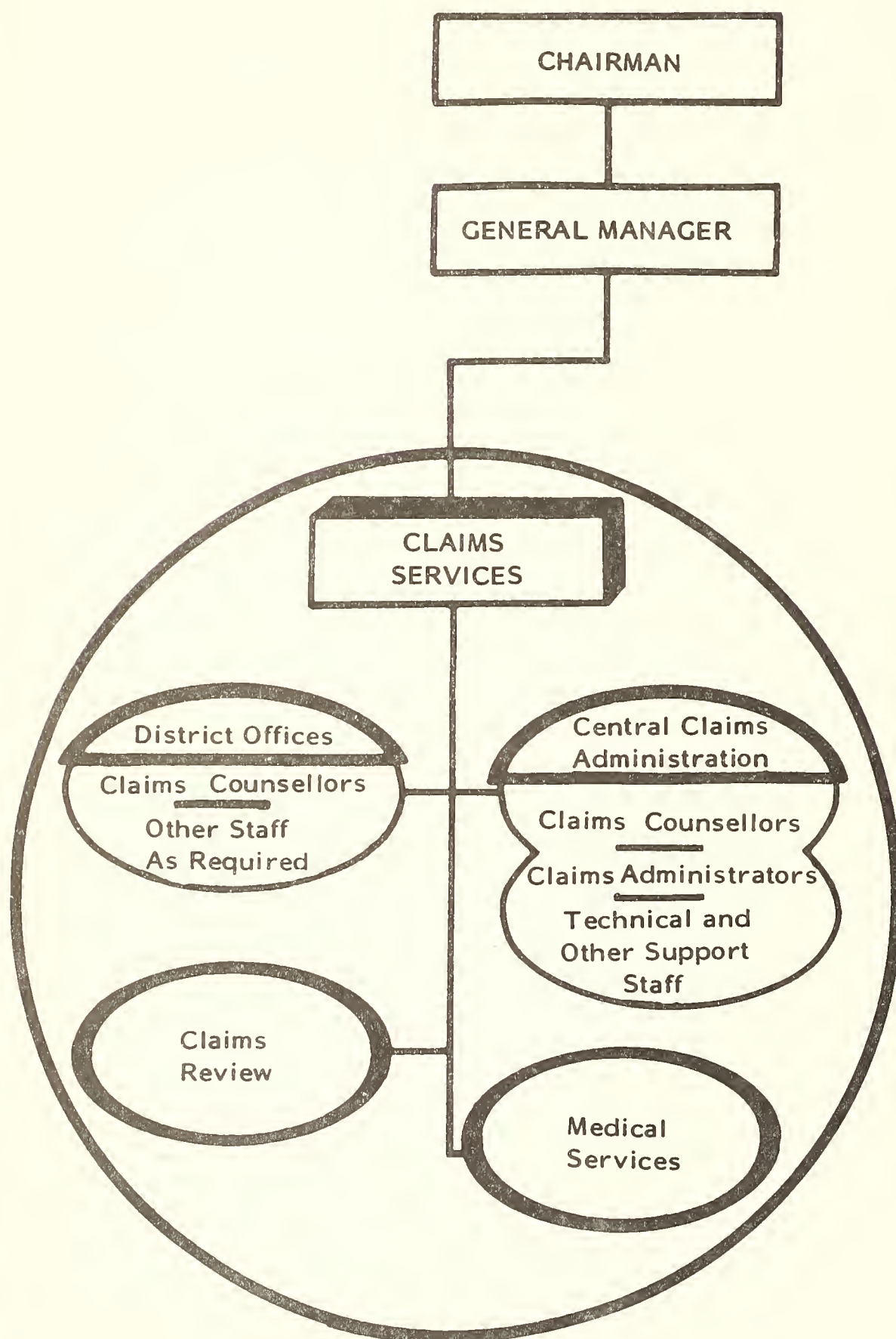
We also see the proposed automatic review process acting as a continuing training device. Claims Administration work will be in fact subject to ongoing review for consistency and accuracy. We also envisage much greater contact in future between individual Claims Administrators, possibly through group seminars and meetings with the Claims Review Group.

Organization

Following the corporate organization framework discussed earlier, Figure 8 illustrates the proposed organizational components of Claims Services. Major features are as follows:

- * district offices would fall within the jurisdiction of claims services. These offices would house, as required, personnel other than Claims Services' personnel, but we see the prime purpose of these offices as assisting the initial adjudication process - to bring the WCB to the people and information to the WCB.
- * all adjudication activity would take place at head office; no claims files would be maintained at district offices. Claims Administration would be the main processing function, containing Claims Administrators, support staff on pensions and other

FIGURE 8: PROPOSED ORGANIZATION OF CLAIMS SERVICES



matters, and Claims Counsellors to deal with claimants who deal directly with head office.

- * the Claims Review Group would undertake the automatic review of rejected claims. In addition, it would also audit samples of accepted claims to ensure consistency and accuracy.
- * the Medical Services group would carry out the work of the three previous Medical Departments. WCB doctors occasionally play a consultative role in appeals. However, we feel that improved utilization of WCB medical personnel during the Claims Administration Process could improve the detail of WCB medical documentation at the claims level, with result that the need for drawing upon WCB medical opinion at the appeals level decreases; this is why the close link between Medical Services and Claims Administration is emphasized. Furthermore, WCB medical personnel have informed us that outside consultants, not WCB doctors, tend to be used in contentious appeals to ensure an air of objectivity. We also conclude that it is not necessary to assign a medical officer permanently to each Claims Section. Rather we suggest that they be on call to assist Claims Administrators as required.

It is our opinion that this form of organization for the initial adjudication of claims would increase responsiveness to claimants, result in operating efficiencies and assist motivation of staff.

Its success would, however, be dependent on a number of supporting actions. We have already commented on the need for variable opening hours and language requirements within the decentralized and personalized systems framework. In addition, the automation of claims processing should be aggressively stepped up; Records Management operations should be improved in terms of storage, movement and security; modern telecommunication links between district offices and head office should be introduced; comprehensive claims statistics should be developed to assist management in analyzing trends and work patterns; and the publicizing and greater enforcement of late reporting penalties should occur.

Control

Improving control on disbursements to claimants is clearly a matter of top priority. To implement these improvements will require investigation and action throughout the system involving approval of disbursements, computing claims payments, cancelling incorrect cheques, mailing cheques, receiving returned cheques, cancelling

incorrect payments and improving the computer system.

Recommendation

We recommend that:

2.1 The Claims Administration activity be reorganized and operationally improved involving:

- . a personalized counselling service available throughout the Province as required and with hours of operation and language capabilities to reflect local needs;
- . case oriented Claims Administrators and, prior to notification to the claimant, an automatic two stage review of rejected claims - all falling within the jurisdiction of Claims Services and eliminating the current first stage of the Appeal Process - the Review Committee;
- . the introduction of formal claimant applications for compensation and the increased publicizing and enforcement of late reporting penalties;
- . the reorientation of work patterns to increase staff job satisfaction and knowledge;
- . the placement of district offices and Medical Services within the jurisdiction of Claims Services;
- . increased automation of claims processing, more effective records management procedures, establishment of modern telecommunications links between district offices and head office and the development of comprehensive claims statistics;
- . the urgent introduction of internal controls into the system of claims disbursements.

Appeals Process

We have recommended a clear organizational separation of those functions related to Appeals and those carried out by Claims Services. Only in those instances where claims have been finally rejected by the Claims Review Group within Claims Services and where the claimant exercises his right of appeal does the Appeal Process come into

play. We believe at this stage, it is correctly the responsibility of the Board to manage and administer this process.

Criteria

On the assumption that the Appeals Process must exhibit a general responsiveness to the needs of both users and potential users, we have developed three major appeals criteria to measure its effectiveness:

- * foremost, there is a need for fairness. Moreover the process must be perceived as fair by the appellant. This criterion suggests that an appeal system should be flexible and include operating procedures that ensure equitable treatment to all appellants;
- * the appeals process should be carried out within a minimum time frame consistent with ensuring that all evidence is available and is properly reviewed and examined;
- * information should be made freely available to the appellant. This criterion applies to information regarding both appeal rights and procedures, and the availability of evidence.

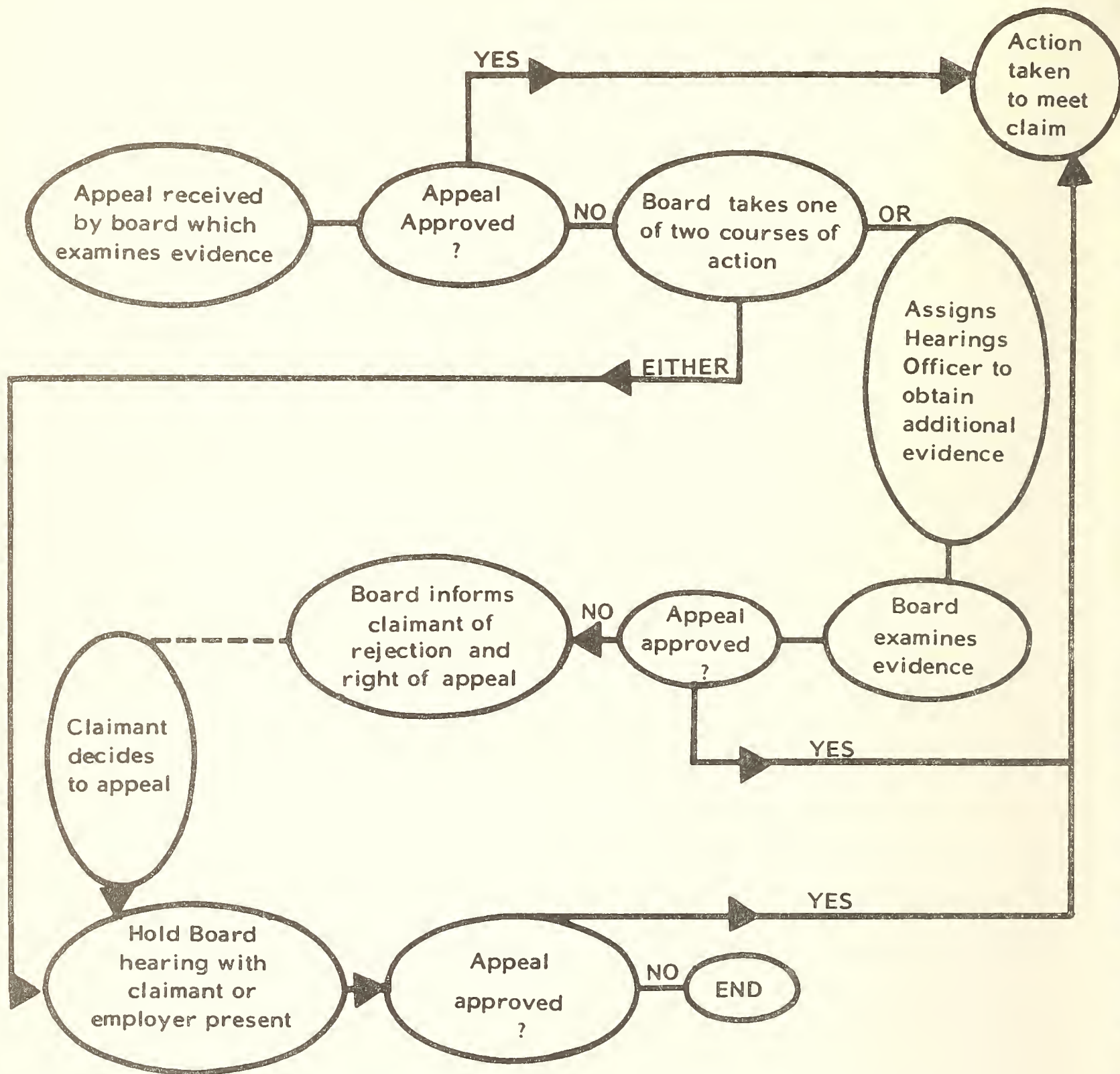
Procedural Outline

The revised Appeals Process, which is illustrated in schematic form in Figure 9, is based on the strengthened Claims Administration system as discussed earlier.

The new Process places direct management of all appeals into the hands of the Board under the full time attention of the Vice Chairman; and eliminates the function of the Appeals Tribunal. Immediately an appeal is received, based on an examination of the evidence, the Board may approve the appeal without a hearing; no rejection of the appeal would be permitted at this time. If the appeal is not allowed, the Board can either obtain additional evidence through the assignment of a Hearings Officer to the case or hold a hearing with the appellant.

The Hearings Officer would normally meet with the appellant, the employer and witnesses and take evidence or make argument. The appellant would be entitled to representation at these meetings. The Hearings Officer can recommend approval or rejection of the appeal and the Board can act on this decision. If it should reject the appeal, the appellant is informed of the rejection and also of

FIGURE 9: PROPOSED APPEALS PROCESS



the right of further appeal. Should the appellant decide not to accept the rejection on the basis of the Hearings Officer's recommendation, then the Board would hold a final hearing with the appellant present.

The practice of appointing Hearings Officers whose function is to ascertain facts, hear arguments and report to others who will make the decision, has a long and respectable history in both American and British practice. In Britain it has taken various forms over the years and had been used so extensively that according to Professor Wade, a respected English authority on administrative law writing in 1967, the practice had become a "standard technique" (H.W.R. Wade *Administrative Law Second Edition*). It has been as well known in the United States, being widely used there by important Federal tribunals. An example is the Interstate Commerce Commission where disputes are assigned by the Chief Hearing Examiner to a Hearing Examiner who after a hearing issues a report that, if unchallenged, becomes the decision of the Commission itself. This device has been little known until recently in Ontario.

In 1969 the revisions of the Expropriation Act (Ontario) provided for the appointment of Enquiry Officers whose function was to hear evidence and arguments in expropriation matters and report to "the approving authority". The approving authority would then decide. This system is at present in force having been continued in the Revised Statutes of Ontario 1970. Sections 7 and 8 of the Act outline the system of appointment of such Officers and their duties.

Hearings Officers have been provided for as well in a very recent statute: the Ontario Planning and Development Act 1973, Section 6 of which deals with this scheme. The Bill (Bill 128) has received third reading.

In the early days, the functions of Hearings Officers were often badly defined, resulting in a rash of litigation and a serious body of criticism. The statute or regulation providing for Hearings Officers should be carefully considered.

The introduction of Hearings Officers will inject a sufficient degree of flexibility and depth into the Appeals Process to facilitate the satisfactory outcome of the many diverse appeal cases. The Appeals Process will now provide for a paper review and stages for gathering additional evidence and the holding of more formal hearings as and when required. The Review Committee has gone as a formal step of appeal, its responsibilities now being part of the earlier automatic review process in Claims Administration. The Appeal Tribunal has been superseded by the expanded Board and Hearings

Officers. We believe that members of the present Appeals Tribunal can be utilized effectively in the capacity of Hearings Officers.

In support of these procedures we see in place of Workmen's Advisers, the use of Appeals Counsellors on the staff of the Ministry of Labour. This change would not prevent appellants opting for other forms of representation. It simply means that objective and experienced counselling help would be available to all who need it. Appeals Counsellors would be present, as required, at both the point where Hearings Officers are gathering additional evidence or at Board hearings. In addition, implementation of changes in the administrative framework - making evidence widely available, a specific role for the courts, documentation of Regulations in the Act, and improved statistics - would provide strong support to the new Appeals Process.

Recommendation

We recommend that:

2.2 The Appeals Process be restructured involving:

- . the elimination of the Review Committee and the Appeals Tribunal and introducing more flexibility through the full time employment of Board members and Hearings Officers, with hearings throughout the Province as required and in an atmosphere conducive to satisfactory resolution of the case;
- . clear communication to potential appellants on rights of appeal and the availability of Appeals Counsellors, replacing Workmen's Advisers, on the staff of the Ministry of Labour;
- . all evidence being made available to the appellant and his representative;
- . a specific role for the courts in matters of law and jurisdiction;
- . the payment of travel and living expenses not confined to successful appellants;
- . documentation of the Appeals Process in Regulations under the Act;
- . provision of comprehensive appeal statistics.

Money management is a major program of the WCB. With accident reserves and investments amounting to close to \$500 million and income from employer assessments and investments amounting to nearly \$200 million, the importance of managing financial resources effectively cannot be overemphasized. It is a program that is not normally exposed to public view - such as Claims and Appeals - but its effective operation is critical to meeting the short and long term financial commitments at a reasonable cost.

THE ASSESSMENT PROCESS

General Operation

Employer assessments involve highly routinized procedures with a high clerical content. With the exception of some possibly interesting and occasionally abusive interaction with delinquent employers, most jobs are of the dreary, production line variety.

The basic assessment system works reasonably efficiently. Productive output of the assessment units appears to be acceptable and controls and checks on the system - with respect to payments for example - are also adequate. But operating improvements are possible through the extended use of computer processing. The nature of the work - its routine, high volume characteristics - is particularly well suited to computer operation. This action will enable the remaining jobs in the Department to become more challenging, will reduce costs and will ensure that emphasis is placed on the actual problems of assessment rather than on processing paper work. With the help of the computer, job enrichment should be possible.

We have noted one problem in the system requiring early correction. The amount used in computing the highly important ratio between accident costs and assessments is cash receipts and not amount assessed; and it is difficult to adjust assessment errors recorded in the computer files. Errors of this nature have in the past contributed to unwarranted penalty assessments under Section 86(7) of the Act, which in turn have unnecessarily contributed to the load of employer appeals. The computer program requires immediate correction.

Minimum Assessments

Currently, the minimum assessment of any employer is \$10. The average direct cost of processing and collecting assessments

(exclusive of computer costs) is estimated at \$13 per employer. Whether or not the marginal costs of processing and collecting from each additional employer are close to that figure cannot be determined with precision, but it would seem to be reasonable to assume that the average direct cost of \$13 would not be much in excess of the marginal cost.

Employer Delinquency

The total collection unit fails to collect, on average, less than 1% of total assessments - a highly acceptable result. But there is a cost attached to this level of collection. Without taking the cost of operating the Collection Unit into consideration, the amount spent on collection by members of the Audit Division in 1972 amounted to 7.2% of amounts collected. Under Sections 112 and 113 of the Act, the WCB may take legal action and arrange for collection of the assessment through municipal collectors. The Act also provides for collectors to retain 5% of the amount collected as fees for making the collection.

Penalty Assessments

Section 86(7) of the Act states that:

"where the work injury frequency and the accident cost of the employer are consistently higher than that of the average in the industry in which he is engaged, the Board, as provided by the regulations, may increase the assessment for that employer by such a percentage thereof as the Board considers just, and may assess and levy the same upon the employer, and may require the employer to establish one or more safety committees at plant level."

The WCB uses three criteria to determine whether a firm or company will be penalized under this Section of the Act:

- * A Company must have a history of "life time deficit" (deficit is defined as occurring when costs are equal to or greater than 85 per cent of receipts);
- * A deficit must have occurred in the past two out of three years;
- * A frequency of compensable accidents (lost time) must be equal to or greater than the industry (rate group average).

Approximately 75% of penalty assessments made under Section 86(7) are now appealed. Less than 50% of the original amount of the penalties assessed by the WCB are subsequently collected as a result of appeals.

Despite the existence of apparently firm criteria, the WCB exercises considerable discretionary power with respect to the enforcement of penalty assessments. In cases where employers can demonstrate that they have a safety improvement program in progress -which might include investment in new work clothing or safety equipment, the establishment of safety meetings, first aid training - the assessment may be rescinded. Current practice of the WCB is either to let the original assessment stand or to rescind the assessment in total. It does not partially revise the penalty assessment as it is permitted to do under Section 86(8) of the Act.

We see no reason why having established firm criteria, penalty assessments should not stand. This is no more than a basic principle applied by all insurance companies. Assessment should be automatic based on the criteria and should not be subject to judgmental action after the assessment has been made. The present system is open to abuse. Employers should naturally have the right to verify that the penalty assessment has been made correctly in accordance with the criteria.

Payroll Audit

This activity comprises two main functions: the review of employers' payroll records and the detection of unregistered employers to ensure the accuracy of returns to the Board for assessment purposes. Currently 37 of the audit staff are located in Toronto and the remaining 13 are located in five regional offices: Kitchener, Windsor, Ottawa, North Bay and Thunder Bay.

Records Review

With respect to the ongoing audit of employers' records, it is the policy to audit 25% of all employers with assessable payrolls in excess of \$100 and 10% of all employers with assessable payrolls under \$100, each year. Each time an employer is visited, two years' payrolls are audited. Past practice had been to audit four years' records, but this was discontinued following representation from a number of employers.

The present methods used by the WCB are ineffective. Proper statistical sampling techniques are not in force. A more correct

statistical approach would require that far less than the existing level of audits would be necessary to do an effective job.

At the same time, an audit should be carried out much more intensively, covering probably a five year review of payroll records. This action taken together with the enforcement provisions of the Act would serve to upgrade the quality of the audit and reduce its costs; reductions in administrative costs of the order of \$150,000 per year could be achieved by the adoption of this action.

Further reductions in administrative costs would be possible by an extension of the computerized data base now being considered by the WCB. Currently a team of Audit Preparation Clerks is required to prepare manually the basic audit material prior to a visit to an employer.

New Employers

New employers do not always make themselves known to the WCB. The methods used to track these people down are often inelegant, and indeed, occasionally primitive. The most frequent form of approach appears to be a physical inspection such as a review of store fronts or signs on a given street, or scrutiny of the "Yellow Pages."

A more methodical approach might suggest that advantage be taken of the tax and business registration records which are available in the Province. Section 94 of the Act permits the WCB to require every assessor of a township, town or village to make a return to the WCB showing names, addresses, nature of business and usual number of employees of all employers of labour carrying on in the municipality any industry or business other than farming or mercantile business. This Section of the Act has not been fully utilized in the past. In addition, an approach might be made to the Province - for example the Ministry of Revenue - to examine the possibility of obtaining access to the existence of employers through its tax records.

Recommendation

We recommend that:

3.1 The employer assessment system be changed involving:

- . increased automation of the processing and files;

- . a raise in minimum assessments from \$10 to \$25;
- . improved collection methods by (1) greater application of legal recourse against delinquent employers and (2) ensuring that the total cost of collection does not exceed the amounts collected;
- . elimination of appeals against penalty assessments made under section 86(7);
- . in the case of payroll audits, the use of improved sampling techniques, the employment of more intensive investigations and the application of enforcement provisions of the Act;
- . the introduction of improved procedures for identifying new employers in conjunction with the appropriate ministries.

INVESTMENT MANAGEMENT

The WCB makes investments to maintain its accident funds and its Superannuation Fund at levels to meet future financial commitments. Section 109 of the Act provides that:

"the Board may from time to time and as often as may be considered necessary include in any sum to be assessed upon the employers and may collect from them such sums as are considered necessary for that purpose, and the sums so collected shall form a reserve fund and shall be invested in any of the securities as a trustee may invest in under the Trustee Act."

The Trustee Act permits the WCB to invest in government securities, first real estate mortgages, guaranteed investment certificates, and certain securities of private corporations within specific limits. The WCB has made no investments in common and preferred stocks of Canadian corporations in the case of the accident funds, but has done so in the case of the Superannuation Fund. The WCB has invested in real estate for a number of years - for example, its Harbour Street facility and the Downsview Hospital and Rehabilitation Centre - and recently has concluded a complex purchase and leaseback of land and a mortgage investment in connection with the move to its new Bloor Street head office.

Based on past practices, the general (and implicit) policy of the WCB has been to make investments in bonds which provide a high level of safety of principal sums and for liquidity needs.

The WCB makes both short and long term investments. Short term investments are required because the majority of employers' assessment payments are received during the period May 1 to August 31 each year. Funds which will be required on a gradual basis between September and the following April 30th are invested in high grade, short term investments, primarily guaranteed investment deposits of banks or trust companies. The terms of these investment deposits range from 30 days to 10 months. Procedurally, short term investment activities involve preparation of cash flow forecasts over a 4 to 5 month period from which the decision is made to invest surplus funds in short term securities. The WCB invested approximately \$100 million in short term paper last year.

Long term investments in bonds and debentures were in excess of \$400 million at the end of 1972. Superannuation Fund investments amounted to close to \$30 million.

Overall return on investment, has been slightly in excess of 6% during the last four years. Given the primary safety and liquidity objectives of the investment program, this return has not been inadequate, but a portfolio of this size might be more effectively managed with the addition of financial management expertise - there is no one in the WCB with this specialized experience. For example, each one-tenth of one per cent increase in the return on investments would amount to approximately \$400,000 per annum. Outside investment counsel has been used only with respect to Superannuation Fund common stock investments.

There is no policy documentation with respect to accident fund investments. We note that aside from the original purchase, there is no trading of long term investments including those in common stocks. Advantage has not been taken of the provisions of the Trustee Act with respect to investments in certain common stocks except in the case of the Superannuation Fund. Investment decisions - related to the on-going investment in high grade securities - are normally made by an Investment Committee comprised of the Executive Manager, the Director of Finance and the Treasurer.

We believe that the WCB should take a more "aggressive" approach to its investments under the provisions of Section 69 of the Act and Sections 26 and 27 of the Trustee Act relating to investments in bonds, common and preferred stocks in Canadian corporations and in real property. This must, however, be supported by the introduction of improved investment expertise. Long term and major investments require the determination of return on investment, taking into account all significant factors which can influence the

return. Some of these are the time value of money based on cash inflows and outflows over the life of the investment, and the effect of interest rate changes and inflation over long periods. The continued absence of this type of documented analysis will inhibit the Board's ability to make appropriate investment policies and decisions.

We are uncertain whether or not the investment activities of the WCB are at a level which demand the employment of full time, in-house financial management expertise. But this type of assistance, either from government or private sector is, in our opinion, absolutely essential.

We recommend that:

- 3.2 Explicit investment policies and methodologies be developed with respect to the nature, type and volume of investments and that professional financial management counsel be retained to provide investment assistance.

ACCIDENT FUND RESERVES

According to Section 84 of the Act, the WCB must at all times maintain the Accident Fund so that it will be sufficient to meet "...all the payments to be made out of the fund in respect of compensation as they become payable...." This Section also states that the WCB should not "...unfairly burden the employers in any class in future years with payments that are to be made in those years in respect of accidents that have happened previously."

Section 85 of the Act also provides that:

"it is not obligatory upon the Board to provide and maintain a reserve fund at all times equal to the capitalized value of the payments of compensation that will become due in future years unless the Board is of the opinion that it is necessary to do so in order to comply with Section 84."

In the case where an insufficiency does exist, the WCB, under the provisions of Section 108, can, through the Lieutenant Governor in Council, make supplementary assessments as required.

Existing reserves relate to funded liabilities to meet future commitments, an amount to cover the additional cost of existing claims, the Superannuation Fund and a Contingency Balance which serves as an assessment rate stabilization fund.

**FIGURE 10: SOME COMPARISONS OF REPORTED NET BALANCES
AND REQUIRED CONTINGENCY RESERVES - SCHEDULE 1 1966-1971**

<u>Reported Contingency Reserve</u>				<u>Actuary's Recommended Optimum Net Balances</u>			
<u>Year</u>	<u>Reported Net Balance (000's)</u>	<u>Per Annual Report (000's)</u>	<u>Surplus (Deficiency) (000's)</u>	<u>% of Reserve To Accident Costs</u>	<u>* Amount (000's)</u>	<u>Surplus (Deficiency) (000's)</u>	<u>% of Accident Costs</u>
1966	\$24,687.4	\$17,127.5	\$ 7,559.9	20	\$17,197.6	\$ 7,489.8	20.0
1967	44,639.8	17,345.3	27,294.5	20	21,080.8	23,559.0	24.3
1968	29,247.7	19,139.8	10,107.9	20	22,774.2	6,473.5	23.8
1969	24,185.6	21,492.5	1,693.1	20	31,251.1	(7,065.5)	29.1
1970	16,554.2	24,102.1	(7,547.9)	20	37,268.8	(20,714.6)	30.9
1971	16,083.3	31,066.7	(14,983.4)	25	39,805.5	(23,722.2)	32.0

* Amount is the net balance required, in addition to the anticipated subsequent year's assessment income to make sufficient provision for adverse fluctuation in accident cost which might be experienced during the subsequent year based on actual accident cost experience up to the end of the current year.

Actuarial Role

A firm of consulting actuaries is retained by the WCB to set annual assessment rates, to review the pension fund actuarial requirements every five years and to undertake special work as necessary. The actuaries submit an annual certificate regarding the general adequacy, without detailed evaluation, of the year-end balances in the funded liabilities - for example, Pension, Asbestosis, Silicosis, Second Injury and Disasters reserves. The actuaries also express an opinion regarding the requirement relating to the Contingency Balance of Schedule 1 employers -the assessment rate stabilization fund. There is no actuarial certificate included in the Annual Report.

As an important part of the WCB's activities is of a complex general insurance nature, we believe that it would be sound business practice to obtain certification of reserves and contingencies by a firm of consulting actuaries which would appear in the Annual Report. There is precedent for this action. The WCB of British Columbia includes an actuarial certificate in its annual report and there is a growing trend amongst private sector insurance companies to include this type of certification in their annual reports.

Superintendent of Insurance

Section 80 of the Act states that

"The Superintendent of Insurance...shall whenever required by the Lieutenant Governor in Council examine into the the affairs and business of the Board for the purpose of determining as to the sufficiency of the accident fund and shall report thereon....".

To our knowledge, such an examination has never been undertaken. We feel that there should be a role for the Superintendent of Insurance in the affairs of the WCB. A more realistic approach would be to require the Board to file an annual report with the Superintendent of Insurance, a change which would supersede the current provisions of Section 80.

Contingency Balance of Schedule 1 Employers

This rate stabilization fund, as indicated in note 6 of the 1971 financial statements, "...has declined below the optimum level as determined by the Board." Figure 10 illustrates the state of this reserve during the period 1966 to 1972 inclusive. There has been a steady deterioration of this reserve into a deficiency position during the last four years.

We appreciate that it is not appropriate to be critical when the balance of this type of reserve falls below a certain level. But it is the WCB's intention, again quoting from the 1971 financial statements: "...to maintain the contingency balance at the optimum levels by adjustment of the annual assessment rates of Schedule 1 employers from year to year." This trend is not apparent and the actuaries have indicated that, in their opinion, the deficiency is somewhat higher than that reported by the WCB.

Is this a real deficiency? We note that the primary purpose of this reserve is to prevent undue fluctuations in annual assessment rates, a situation which would be unlikely to meet with widespread employer approval. And in a narrow sense, this reserve need not exist as theoretically but not practically it is possible to adjust assessment rates each year to yield sufficient revenues to cover the disbursements in any particular year. But assuming that some smoothing factor is indeed a requirement and that the established criteria are indeed valid (an assumption which the WCB has explicitly recognized), we feel it is reasonable to suggest that clarification of the present situation is in order.

There is some evidence that the WCB, because of the relatively small amounts involved, does not regard the Contingency Balance as being of major operational significance. We note that the Contingency Balance, for an individual rate grouping, is calculated by taking the total Balance (currently at 25% of accident costs) and applying this percentage to each rate grouping. The actuaries in their approach calculate the reserve for each rate grouping based on individual experience, the total Contingency Balance then being an addition of the individual amounts of each rate grouping. We believe the actuaries are correct.

Retroactive Benefit Increases

Accounting procedures relating to the limited retroactive benefit increases awarded by the WCB involve charging the capitalized cost of pension increases against the Contingency Balance and recovery of this amount over a term of ten years. This procedure would seem to violate the principle of not unduly burdening employers in any class in future years with payments that are to be made in those years in respect of previous years' accidents. In fact as stated recent benefit increases have depleted the Contingency Balance into a continuing deficit position. Assessment rates have been set too low.

This problem could be resolved in three ways. The first is to establish a reserve for future adjustments by allocation from current

Schedule 1 assessments. The second is to recognize the difficulties of determining currently future commitments of this nature and in fact assess employers currently with respect to the costs of past accidents. The third is to obtain the capitalized value of the retroactive benefits from the Consolidated Revenue Fund of the Province - a practice now adopted by five provinces.

Reporting

We recognize that the accounting and actuarial procedures relating to WCB funds and reserves are a matter of considerable complexity. The amounts involved - both in excess of \$400 million - are however, at a level which demands the fullest possible disclosure in the Annual Report.

Recommendation

We recommend that:

3.3 The accounting and reporting of funds and reserves be revised involving:

- . the inclusion of an actuary's certificate in the annual report;
- . the filing of annual reports with the Superintendent of Insurance;
- . the clarification of the method for determining the Contingency Balance;
- . the development of a policy for the funding and accounting for retroactive benefit increases;
- . the inclusion of clear definitions and explanations of funds and reserves in the annual report.

ADMINISTRATIVE COSTS

The WCB has an administrative cost objective of 7.0% of total disbursements which it has taken great pride in attaining over a number of years. This percentage is generally lower than in the case of similar organizations of an insurance nature - by at least a percentage point or two.

The conclusion may be drawn that administrative costs are at a level of acceptable efficiency, but it may be equally inferred that these costs are insufficient to attain proper service levels. Low costs are not the overriding criterion of management effectiveness.

We have identified a number of cases where administrative costs might be reduced; we have also suggested service improvements, some of which would lead to increases in cost. We refrain from any recommendation on this topic. We are of the opinion that administrative costs can only be viewed in the context of explicitly defined service levels.

FINANCIAL AUDIT

Currently there is a small Internal Audit Group reporting to the Executive Manager. Its main concern is the auditing of disbursements which, as noted earlier, has been less than thorough. A private firm of chartered accountants is employed to conduct the annual audit and to file a report on the financial position of the WCB.

In view of the importance of strong financial management to the operations of the WCB, we feel two courses of action are desirable: first a merger of internal and employer audit activities in the WCB should take place, together with the introduction of improved techniques and professional skills; second while we favour the use of a private firm, we would agree that the provincial auditor should play a role in the external audit. We recommend that:

3.4 The financial auditing of WCB operations be strengthened involving:

- . a merger and upgrading of the Payroll Audit and Internal Audit functions;
- . the annual audit by a private firm be continued under the overall direction of the Provincial Auditor.

ORGANIZATION

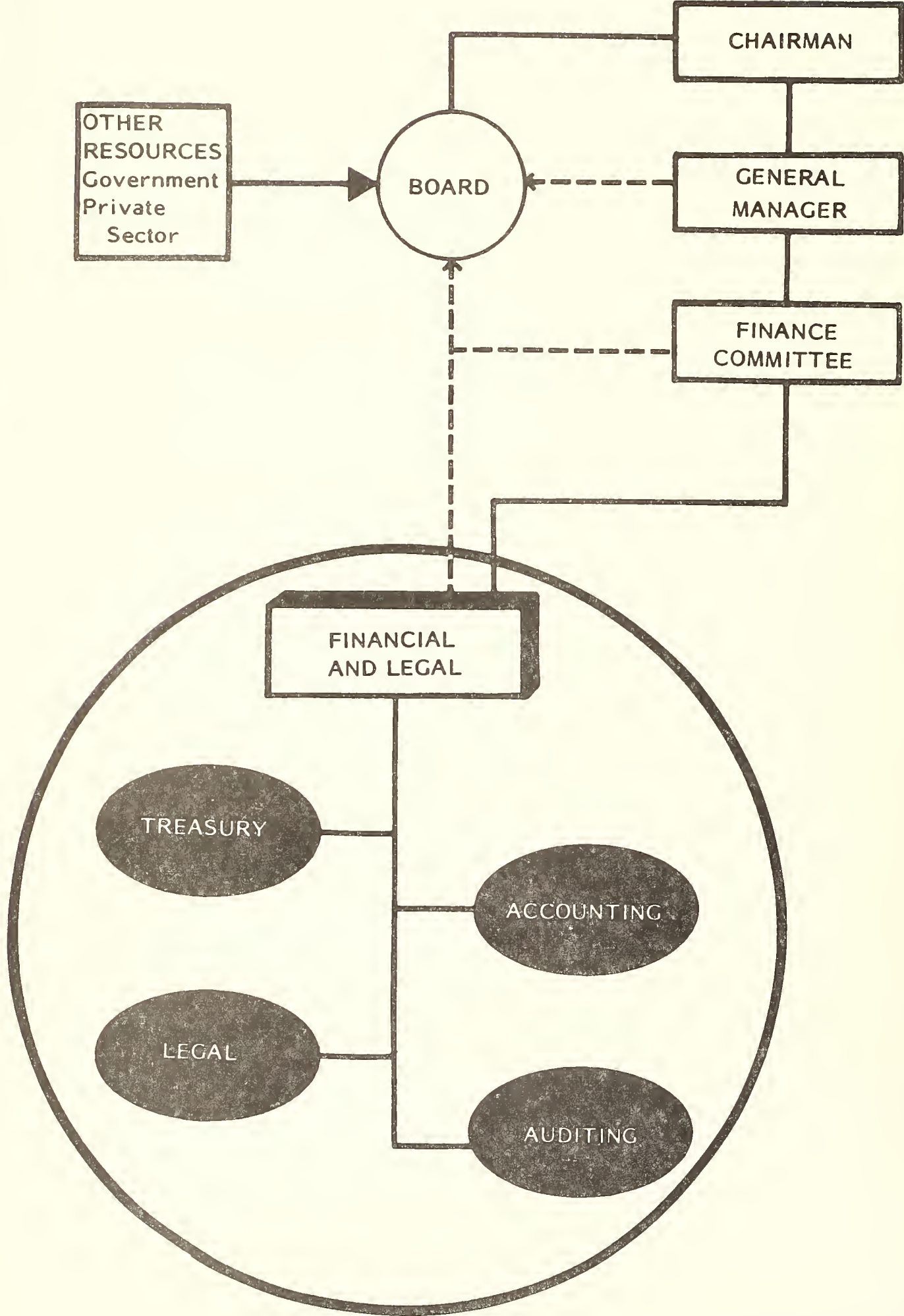
The financial management program of the WCB is in our opinion of sufficient importance to call for an additional level of coordination - beyond the existing coordinating points of the head of the Financial and Legal function and the Management Committee. We see the establishment of a Finance Committee which would pull together the highly technical and diverse activities which constitute the

financial management program. We accordingly recommend:

- 3.5 The establishment of a Finance Committee reporting to the Board, comprising two Board members, the General Manager, the Secretary/Treasurer and others from government and the private sector to coordinate the financial management program of the WCB.

Figure 11 illustrates the organization proposed for the Financial and Legal function and the place of the Finance Committee. As compared to the current organization, the Finance Committee has been added, the legal and financial activities have been merged into one function, Payroll and Internal Auditing has been consolidated and operating services, for example Fleet Management, removed to a more appropriate organizational location.

FIGURE 11: PROPOSED FINANCIAL AND LEGAL ORGANIZATION



The two elements of the WCB Rehabilitation Program are Medical Rehabilitation and Vocational Rehabilitation, each reporting to a principal officer. The Downsview Hospital and Rehabilitation Centre is the main facility used for medical rehabilitation. In certain instances other rehabilitation facilities are used or treatment is given by the claimant's personal doctor, payment being made by the WCB. Vocational Rehabilitation programs -primarily assisting injured persons to return to work - are also centred in Toronto with some decentralized activity based in the district offices.

MEDICAL REHABILITATION

Operations

The Hospital and Rehabilitation Centre was constructed in 1958. It has patient accommodations of 532 beds and a capacity for 60 day patients. In addition, there is a staff residence of 36 private rooms plus recreation areas. Over 5500 patients are treated annually, of whom 60% are available for employment at discharge. Approximately 33% return to former employment and 25% to modified former employment. The total facility has been described as "being without equal". We make the assumption in this report that treatment meets accepted professional standards; our concern is with the management and administration of medical rehabilitation.

The centre is both geographically and organizationally separated from other operations of the WCB. Its staff - both professional and nonprofessional - also tend to be differentiated from other WCB employees in terms of education, vocation and motivation. Our investigation revealed that it is effectively managed and operated. Morale among both professional and non-professional staff is high. We have noted the existence of a much greater participative management approach than in other functions; for example, regular meetings are held between patient representatives and heads of various departments, and a team approach is used to treat individual patients. A treatment program will be administered by a team that includes the physician, physiotherapist, occupational therapist, remedial gymnast and, as appropriate, a nurse, psychologist and vocational rehabilitation officer.

The operating cost of the Centre is approximately \$5 million annually, including the maintenance and vocational rehabilitation staff. Employee salaries and benefits comprise 75% of total costs. The cost-per-patient

FIGURE 12: HOSPITAL AND REHABILITATION CENTRE COSTS

<u>YEAR</u>	<u>TOTAL COST (000)</u>	<u>PATIENT DAYS</u>	<u>PER DIEM RATE</u>
1968	\$3,692	180,797	\$20.04
1969	3,977	181,466	21.92
1970	4,243	180,771	23.47
1971	4,454	172,152	25.87
1972	4,643	172,913	26.85
1973 (Estimate)	5,149	197,752	28.65

Source: Workmen's Compensation Board

day has risen from \$20.04 in 1968 to \$28.65 in 1973 - a 40% increase in a five year period. (See Figure 12). Costs are however within the range of costs for other general rehabilitation hospitals in the Province. In 1971, the last year for which figures are available, per diem costs of these hospitals⁺ ranged from \$18.16 to \$29.24 and averaged \$25.77. In the same year per diem costs at the Hospital and Rehabilitation Centre were \$25.87.

Management of the Centre emphasizes cost control and justification of expenses by department heads - action which appears to have been effective. For example, during the last 2½ years housekeeping staff has been reduced from 60 to 46 through the use of mechanical equipment and improved scheduling.

Utilization

The Centre is operated on weekdays 8:30 a.m. to 4:30 p.m.; after 4:30 p.m. clinic day patients are free to leave. Most patients go home on weekends.

Bed Occupancy

Occupancy rates are based on bed assignments rather than the actual utilization or actual need for beds. Percentage utilization fluctuates from month to month and over the past two years has ranged between 69.3% and 91.8% for hospital patients, 79.6% to 94.1% for clinic patients and 4.5% to 67.1% for day patients. We note that all patients entering the Centre are urged to take a bed even if they live locally and plan to commute. Day patients are those who do not wish to have a bed.

Many patients use beds for resting during the day or have an assigned bed in case of bad weather, but do not sleep on the premises at night. A two-day survey of actual bed occupancy indicated that there is a potential occupancy increase of about 125 overnight patients. Figure 13 summarizes that survey.

Internal Scheduling

An analysis of the Occupational Therapy and Physical Therapy Departments indicates a wide variance in work loads by therapy group and by therapist within each group.

In a day taken at random in the Occupational Therapy Department, the number of patient hours per therapist averaged 68 with a range

FIGURE 13: HOSPITAL AND REHABILITATION CENTRE TWO-DAY SURVEY OF 1:00 a.m. BED CHECKS

	<u>Total Capacity</u>	<u>DAY 1</u>		<u>DAY 2</u>	
		<u>Occupancy:</u> <u>Beds</u> <u>Assigned</u>	<u>1:00 a.m.</u> <u>Occupancy</u>	<u>Occupancy:</u> <u>Beds</u> <u>Assigned</u>	<u>1:00 a.m.</u> <u>Occupancy</u>
Hospital	180	97%	91%	97%	89%
Clinic	352	99%	65%	100%	66%
Day Patients	60	70%	-	82%	-

of 31 to 93. A similar survey in the Physical Therapy Department revealed the number of patient hours per therapist averaged about 20 but ranged between 10.5 and 29.75.

In the case of group scheduling, our survey reveals that in the Occupational Therapy department the hours of patient care by the five groups ranged from a low of 122.75 to a high of 259.25.

The potential impact of balancing is significant. In Occupational Therapy assuming an average of $2\frac{1}{2}$ hours per patient per day, the average hours per therapist were 68 and the highest was 93 hours. If all therapists were raised to 80 hours per day (the point between the average and highest) an additional 85 patients could be treated each day. If those below the average were raised up to the average of 68, an additional 44 patients could be treated each day, and if all therapists were raised to the highest of 93 hours, an additional 150 patients could be treated. Similar percentage increases are possible in the Physical Therapy Department.

Opportunities for Program Expansion

The Hospital and Rehabilitation Centre offers superb facilities. This fact suggests a number of questions: can these facilities be utilized more effectively if treatment was extended to the general population, can the WCB make increased use of other facilities in the Province to avoid bringing people to Toronto, should this program continue to be delivered by the WCB or within the general health care delivery program of the Province?

Medical rehabilitation is an activity of the WCB which operates satisfactorily. The facilities offer opportunities for treatment of injuries other than of a work related nature; we have noted that they are not being used at capacity and occupational accidents account for only 14% of total accidents. It would then be reasonable to suggest that with increased utilization and extended hours of operation, waiting period for admission of patients could be reduced and provision could be made for use of the facilities by the general population.

The use of the facilities for treating people other than those occupationally injured might suggest that the Centre should be transferred from the WCB. Given the current operating climate and staff calibre we have seen no evidence that medical rehabilitation could be more effectively delivered elsewhere *at the present time*.

Hardship is sometimes caused by the transfer of patients to Downsview from remote points in the Province. Other rehabilitation facilities

are now located in London, Hamilton, Kingston, Sudbury, Thunder Bay and Ottawa, which are used by the WCB. We are aware that the use of outside rehabilitation facilities, if they are operated as part of a general hospital, might have a higher per diem cost. Charges by general hospitals are not normally based on the type of service the patient is receiving; a general rate is used. In the case of physical therapy, the cost rate might include services used in other areas, such as surgery and intensive care. But this is an administrative difficulty which should be capable of being resolved to the satisfaction of the WCB.

Treatment of Females

The absence of treatment facilities for women at the Hospital and Rehabilitation Centre is notable. Women may be treated as day patients or clinic patients in the Centre, but the absence of changing facilities and beds to accommodate females prevents the Centre from treating many cases. In practice, the WCB tends to use other rehabilitation facilities such as the Toronto Rehabilitation Centre for the medical rehabilitation of female workers. We believe this situation requires correction.

Recommendation

We recommend that:

- 4.1 The Hospital and Rehabilitation Centre remain within the jurisdiction of the WCB at this time but that:
 - . capacity be more effectively utilized through the treatment of non-occupational injury cases;
 - . consideration be given to extending the hours of operation;
 - . facilities for women patients be provided equal to those of men.
- 4.2 Where appropriate, extended use be made of other medical rehabilitation facilities in the province.

VOCATIONAL REHABILITATION

Operations

Vocational Rehabilitation assists persons to return to work following

accidents. Vocational Rehabilitation staff use a variety of means to achieve this objective, including working with employers on a personal basis, counselling claimants, referring claimants to Canada Manpower and other agencies for counselling and placement.

Most vocational rehabilitation cases - between 80 and 90 per cent - are referred from the Claims Department. Other referrals are made either through the Medical Services or by the claimant's private physician. Each Rehabilitation Officer has a case-load and a rehabilitation plan is constructed for each individual. This plan may involve a visit to employer to arrange for return to a previous job or a referral to agencies specializing in counselling, training and employment. Once contact is made with a claimant, there is no automatic follow-up to find out if the rehabilitation plan has resulted in employment.

The case-load of Vocational Rehabilitation Officers averages approximately 85, with a range of about 70 to 117. This figure is not far out of line with the case-load of other rehabilitation services, but comparison is made difficult as case files are retained after disposition of the case for information purposes.

The Vocational Rehabilitation Department is located at head office, at the Hospital and Rehabilitation Centre and has representatives in fifteen major city and industrial areas throughout the Province. A number of Rehabilitation Officers live a considerable distance from their assigned areas with the result that substantial amounts of time and extensive mileage accumulate on automobiles in the commuting process. In addition, there is some evidence that mileage between cases tends to be high. This situation is possibly caused by the availability of a WCB-provided automobile when business mileage exceeds 10,000 miles a year.

Many Rehabilitation Officers display a high level of dedication towards the interests of their clients. But this often results in an involvement with claimants related more to social service counselling than vocational rehabilitation. Although their efforts are well-intentioned, vocational rehabilitation staff are often not qualified to counsel on financial, family and other problems.

Vocational Rehabilitation staff are frequently the only representatives of the WCB seen by the injured worker. They often appear to the claimant as being in a position to provide assistance on matters other than vocational rehabilitation - claims problems for example. The result is that staff are often impeded in their work by the claimant's perception of injustice or frustration arising from his contacts with other areas of the WCB.

One area in which the Vocational Rehabilitation Officers become highly involved is commutation of pensions. A claimant may request a pension commutation in which case they are asked to carry out an investigation of the economic and social factors involved and recommend the disposition of this request. This places the officer in the conflicting role of investigating and assisting an individual at the same time.

There is also noticeable lack of multilingual personnel in the Vocational Rehabilitation Department. For example, the Department has only 4 people capable of conducting business in Italian, when a high proportion of cases concern those persons whose first language is Italian.

A Revised Role

The WCB competes with a large number of social service and rehabilitation agencies for qualified personnel and other resources. Its counselling, vocational testing, personality appraisals and therapy activities duplicate services provided by assessment and counselling agencies such as the Vocational and Rehabilitation Services Branch in the Ministry of Community and Social Services. The WCB also duplicates the activities of Canada Manpower in placement and in arranging training programs.

This is not to suggest that much of the work of the Vocational Rehabilitation Officers is not worthwhile; it is simply that the WCB will never have the resources to do the total job. The costs involved in recruiting and retaining the full range of specialists in social work, counselling, vocational training and related areas is beyond the capability of the WCB. Moreover, these type of resources should not be duplicated when they are available elsewhere.

Our view is that the WCB should not attempt to expand its Vocational Rehabilitation service. Instead, it should specialize in counselling claimants and should ensure their proper referral to the appropriate provincial, federal and other agencies. At the provincial level we would envisage contract arrangements with the Ministry of Community and Social Services to provide the required range of vocational rehabilitation services.

At the federal level we see the need for closer operational links with Canada Manpower. Within the WCB, we see a decentralized Vocational Rehabilitation service consisting of a sizable group of Vocational Counsellors, knowledgeable in the services which are available and how to obtain them. Handling automatic referrals

from Claims Services, they would be responsible for assessing the services best suited to the claimant's needs and for obtaining those services. A small staff of Rehabilitation Specialists should be available to advise Rehabilitation Counsellors on particularly difficult cases and to work closely with medical rehabilitation specialists.

Recommendation

We recommend that:

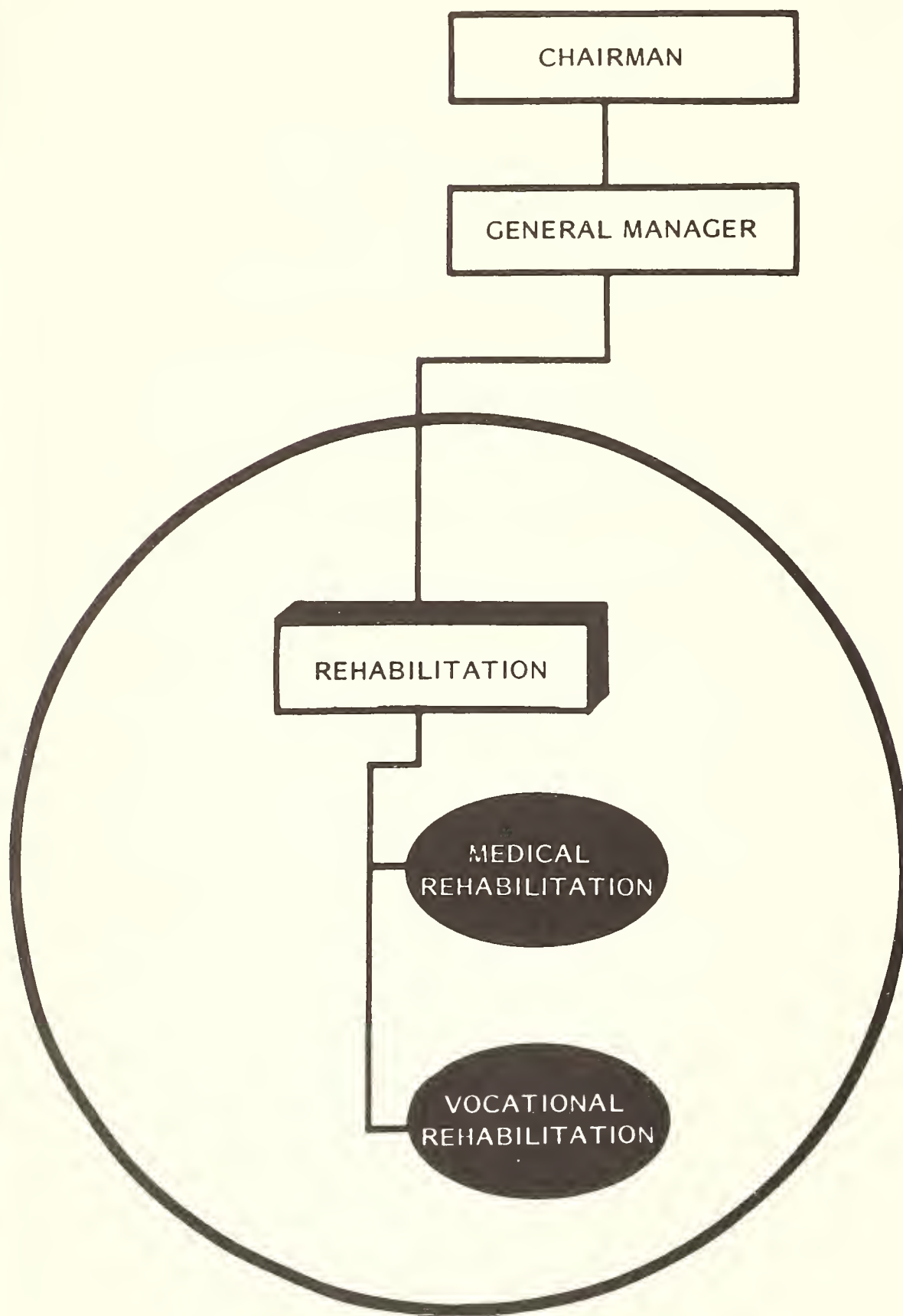
4.3 The Vocational Rehabilitation activity be restricted to:

- . the provision of a decentralized counselling role with referral to existing federal, provincial and other agencies as required;
- . a small staff of Rehabilitation Specialists to advise Rehabilitation Counsellors and handle difficult cases and to work closely with medical rehabilitation specialists.

ORGANIZATION

Figure 14 illustrates the organization of Rehabilitation Services. This structure reflects the close relationship which should exist between Medical and Vocational Rehabilitation if persons in the process are to be properly served. There is a need for a strong coordination of these activities at a level below that of the General Manager, or the Chairman as at present.

FIGURE 14: PROPOSED ORGANIZATION OF REHABILITATION SERVICES



BRIEF HISTORY

An occupational accident safety education program has existed in Ontario for many years. It has always had two major characteristics. First it has had a strong voluntary orientation with the employer having final responsibility for the program. Second education has been separated from enforcement, the latter being primarily the responsibility of other branches of government.

The Safety Education program is delivered through safety associations, under the direction of representative employers. Until 1964, the WCB acted solely as a collection agency, transferring funds levied from the employers to the various associations. Based on the recommendations of Mr. Justice Roach in 1950 and the McAndrew Commission on Industrial Safety in 1960, associations were placed under the "control" (Section 119 of the Act) of the WCB.

In 1965, following some discussion about the possibility of forming a separate safety commission, the WCB set up a Safety Department to allocate funds to the associations and coordinate budgets; to coordinate the development of safety programs in industry; and to develop new programs for areas outside the individual concern of any one association. A Director of Safety was appointed, reporting to the Chairman. Figure 15 illustrates the current organization of all occupational accident prevention programs since 1966. Overall coordination rests with the Minister of Labour.

NEED FOR COORDINATION

Operating Relationships

It is our view that the current relationship of the safety associations with other areas of the WCB is as distant as it was in 1964. The close relationship envisaged at that time has simply not occurred. In fact, we were disturbed to note the occasional presence of overt hostility. Coordination of budgets has been notable by its absence, the role of the WCB (outside the safety associations) in coordinating safety programs in industry has been undiscernible and only two instances of the Safety Department's involvement in programs outside the individual concern of any one association have come to our attention.

Figure 16 indicates the changes in expenditure levels over a six year period by the associations and the differing amounts committed

FIGURE 15: ORGANIZATION OF INDUSTRIAL SAFETY IN ONTARIO SINCE 1966

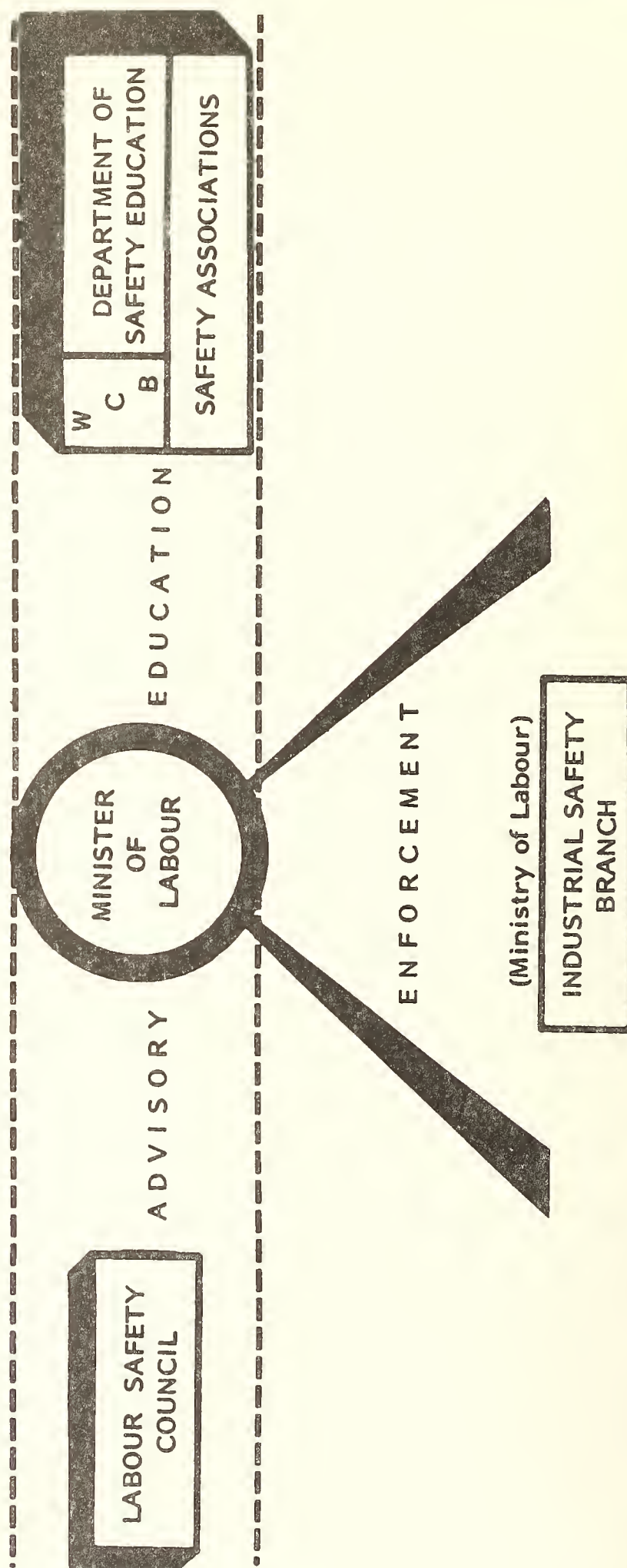


FIGURE 16: CERTAIN ACCIDENT PREVENTION EXPENSE STATISTICS

	ASSOCIATION ACCIDENT PREVENTION EXPENSES			ASSOCIATION ACCIDENT PREVENTION EXPENSES AS A PROPORTION OF TOTAL ASSESSMENTS		
	1966		1972	A		B/A
	1966	1972		1971 Assessments	1971 Accident Prevention Expenses	
Forest Products Accident Prevention Association	\$ 188,678	\$ 267,861	+ 42%	\$5,179,224.56	\$ 249,623	4.82
Ontario Pulp & Paper Makers Safety Association	76,640	107,020	+ 40%	2,190,100.54	88,396	4.04
Mines Accident Prevention Association of Ontario	152,188	251,937	+ 66%	9,043,941.48	239,877	2.65
Industrial Accident Prevention Association	1,084,467	1,824,426	+ 68%	62,440,637.48	1,604,488	2.57
Transportation Safety Association of Ontario	243,952	422,884	+ 73%	9,816,396.73	409,041	4.17
Electrical Utilities Safety Association of Ontario	*Not Applicable	Not applicable		Not Applicable	Not Applicable	
Construction Safety Association of Ontario	1,413,370	1,407,725	- 1%	32,392,808.19	1,258,843	3.89
Hospital Accident Prevention Division, Ontario Hospital Association	Not operating	160,018		3,552,767.85	63,754	1.79
Farm Safety Council of Ontario	Not operating	65,076		2,208,119.78	20,805	.94
Safety Education Department	130,494	1,625,811	+ 245%			
TOTAL	\$3,457,856	\$6,404,963	+ 85%	\$127,430,379.80	\$3,934,827	3.09

* The Electrical Utilities Safety Association of Ontario is funded by Schedule 2 employers.

Source: Workmen's Compensation Board

to accident prevention by the associations as a percentage of assessments. Are the amounts committed to accident prevention by the various associations relatively consistent? We have been unable to find any evaluation criteria or control information which would assist in determining safety education program effectiveness.

We appreciate the difficulties involved in attempting to coordinate the activities of voluntary associations, representing many disparate interests. These difficulties in our opinion can be satisfactorily resolved through a participative policy planning process, introduction of collegial management practices and an improved information system.

Education and Enforcement

What level of linkage should exist between education and enforcement? Ontario policy is that education is best carried out within an atmosphere that is free from enforcement - that enforcement is of course vital but persuasion is more effective when coercion is absent. The second argument, based on the British Columbia model, suggests that program effectiveness is enhanced by a close organizational relationship between education and enforcement activities; overlapping of people and activities is avoided.

Unfortunately, there is no information available which points conclusively to the preferred organizational pattern. Until longer term safety trends become clearer, we see little advantage in changing the role and place of the safety associations. We have no evidence that the performance of any association is unduly deficient or that total performance would be markedly improved if all associations were to be removed from the jurisdiction of the WCB.

Organization

In our opinion in the short term, the main area for improvement lies in a more effective management system for the associations within the structure of the WCB together with a stronger coordinating linkage between education and enforcement activities.

It is essential to recognize that the safety associations are an integral part of the WCB and that the achievement of accident prevention objectives requires a total effort based on effective communication and good management practices. To this end, the associations should be accountable for program planning and control of performance.

The cultural environment of accident prevention suggests that the coordination and management of the safety associations would be well served by the establishment of a Council of Safety Associations. Membership of the Council would come from representatives of each association, WCB management and senior officials of the Ministry of Labour. As we see it the most appropriate organization linkage to Management Committee is through the Public Affairs function; the head of Public Affairs appears to be a natural choice as Chairman of the Council. Figure 17 illustrates the proposed organization.

We envisage the Council employing various sub-committees, which would play a strong program planning and control role - concerned with educational policy development, operating performance and resource allocation, but in no way reducing the responsibilities of the individual associations. Management Committee would provide overall management direction.

We no longer see the need for a Safety Department. Administrative services can be provided to the associations in the same way as other functions receive these services. Administrative services include personnel, purchasing, accounting and data processing.

We recommend that:

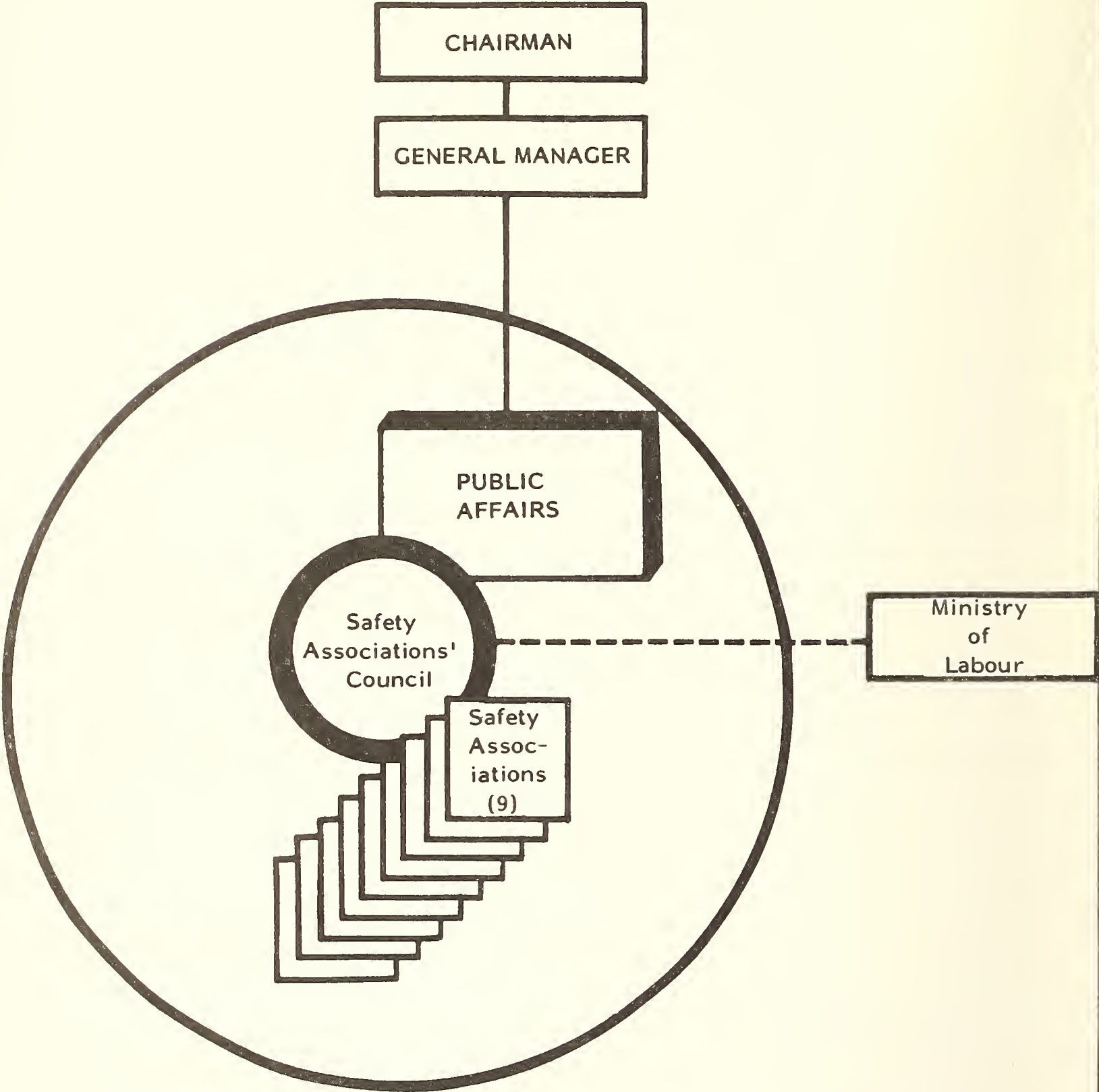
- 5.1 The safety associations remain within the jurisdiction of the WCB at this time but that management and organization changes be made involving:
- . the abolition of the Safety Department;
 - . the establishment of a Council of Safety Associations, chaired by a senior WCB Manager and comprising representatives from each association, other WCB management and senior officials of the Ministry of Labour;
 - . emphasis by the Council of Safety Associations on developing coordinated policies and practices relative to occupational safety in Ontario.

ACCIDENT STATISTICS

The production of accident statistics is important to the work of the safety associations. This information provides an indication of their effectiveness and identifies areas in which accident prevention efforts should be concentrated in the future.

Currently the statistics which are produced are:

FIGURE 17: PROPOSED ORGANIZATION OF SAFETY EDUCATION



- * compensation rather than accident oriented - being a by-product of compensation case reports;
- * late due to processing procedural problems;
- * non-standard, not being reported in accordance with any universal classification system.

Repeated requests have been made by the associations for correction of these problems and have met with no success. We believe these deficiencies to be serious and we recommend that:

- 5.2 Statistical services to the safety associations and to others concerned in this field be up-graded without delay and that the Statistics Canada classification system be implemented at the earliest possible date.

PENALTY ASSESSMENTS

The safety associations currently play a role in the Appeals Process with respect to penalty assessments under Section 86(7) of the Act. On appeal by an employer, a safety audit is normally undertaken by a member of the association representing that employer. The outcome of this audit is part of the evidence at the time of the appeal.

We have already recommended that no appeals be granted to employers under this section. It is a situation which permits a potential conflict of interest and brings the associations into the realm of enforcement, an involvement against which the associations have argued strenuously.

THE LONGER TERM

In this report we have dealt with the short term. We have addressed those issues which require immediate resolution to improve program effectiveness.

We are nevertheless aware of two trends which, assuming their continuance, could change occupational safety education structures in the future. There appears to be a trend towards broadening the base of accident compensation, for example criminal injuries compensation. A second trend is greater concern with safety. For example, the Industrial Accident Prevention Association has extended its activities by starting a safety awareness program in high schools. Also, there are a number of organizations in Ontario

who devote considerable effort to the promotion of safety education. These include the Ontario Safety League, the Red Cross, organized labour and the police.

None of these activities is currently coordinated - a state of affairs which suggests that the interests of the people of the Province may not be well served. It is possible to foresee the creation at some future time of a provincial safety education agency to act as a coordinating body. Should this agency be formed, the occupational safety associations should be transferred to its jurisdiction.

PART 3

Resource Questions

It is a truism to say that the management and staff of the WCB - that is people - are its most important resource. Because of this fact, we devoted considerable effort in the study to examining the WCB's human resources - their attitudes, preferences and motivation - together with the various personnel policies and practices which influence the selection, training and management of these resources. Our work included an attitude survey of a representative cross section of the staff.

PERSONNEL POLICIES AND PRACTICES

Profile

The WCB employs medical and legal professionals, a sizable group of managers and supervisors, and a variety of technical and clerical staff. Except for medical and legal personnel, most male staff are high school graduates with many years of service, and appear to be reasonably satisfied with their work and the organization. In the case of female employees, the years of service tend to be lower because of separations due to pregnancy; otherwise the profile is much the same as for male employees.

For example, we note that total employee separations in 1972 indicates a turnover rate of just over 16% - which is about average for industry in general. The highest turnover occurred in the Records Department - 30%; almost 90% of the staff here are female. In general, the majority of separations from the WCB occur either at the time of retirement or during the early years of service. For example, 75% of those resigning in the Records Department had less than five years service as did 85% of those in the Claims Department. There is an extremely low management turnover; only three supervisory positions experienced turnover in 1972.

The WCB recruits staff normally on the basis of referrals by present and ex-employees and by rehiring ex-employees. In 1972, referrals and ex-employees rehired accounted for 69% of all hirings. Virtually all of these hirings are at junior levels.

What are the reasons for this personnel profile? We have identified three factors which appear to be major contributors to this situation:

- * the WCB has an excellent fringe benefit program. This topic is covered in detail later but it may be stated at this point

that benefits are comparable to the best programs found in both the public and private sectors.

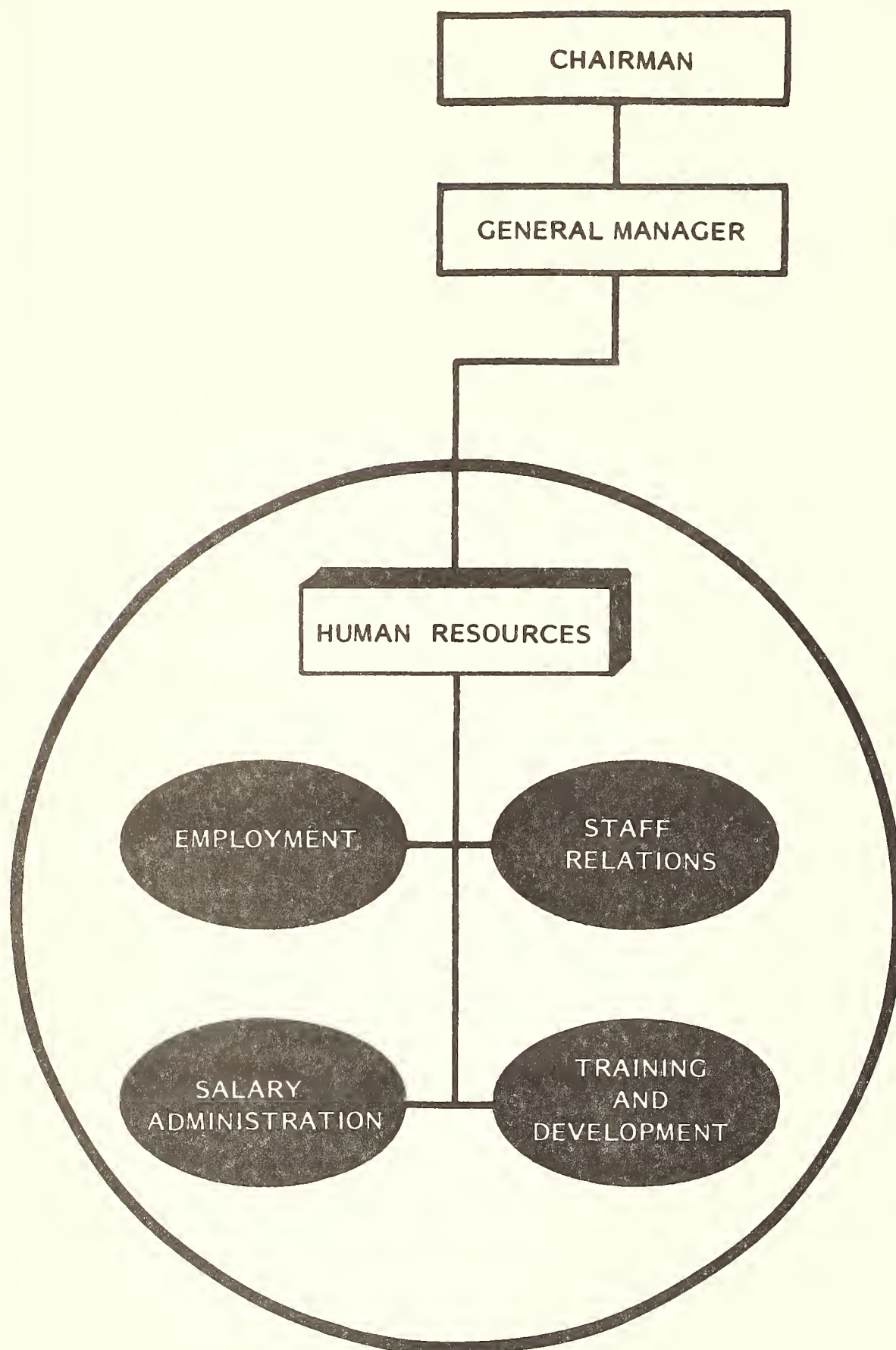
- * while a high number of employee referrals can indicate good morale, working conditions and general acceptance of the WCB as a place to work, it might also indicate that subjective hiring is taking place resulting in the recruitment of personnel with similar beliefs and values. A heavy reliance on personal referrals can result in a particular set of values being perpetuated throughout an organization to the extent that there may be an imbalance between the WCB and society at large. It may also contribute to an insular attitude, which inhibits service and responsiveness.
- * the type of educational and experience background of staff together with the fact that the WCB is an autonomous agency of government means that staff mobility in terms of career progression to other organizations or government departments is non-existent. It has been the practice to reward staff after many years of service with supervisory jobs, the results of which can be seen in profusion of assistant managers and assistant supervisors.

We are not convinced that this profile is the most suitable one for the attainment of WCB objectives. There is, in our opinion, too much of a cluster around one particular set of attributes. While these attributes are not necessarily harmful at the individual level, in total they do not assist in the promotion of the needed service orientation or provide a measure of innovation and management capability - attributes which are fundamental to operational effectiveness.

A strong case can be made for appointing WCB employees as civil servants and we feel that significant benefits would result from this move. The Civil Service Commission can make significant contributions in the area of personnel administration. The use of the services of the Commission would also provide the WCB with a much broader base of human resources from which to recruit new staff; at the same time, WCB staff would have the opportunity for much greater career mobility.

By introducing a role for the Commission in personnel administration the WCB will not lose a significant amount of the autonomy it has in determining its own personnel policies and practices. Individual ministries and agencies throughout government, whose employees are civil servants, do not suffer from a notable lack of freedom to manage their personnel programs.

FIGURE 18: PROPOSED ORGANIZATION OF HUMAN RESOURCES



A much greater application of the merit principle would be in order in the recruitment and promotion of staff. For example, recruiting at all levels should be carried out internally and externally with much more use of press advertising. Many supervisory and management positions are suitable for women; currently there are only three women in supervisory positions.

Personnel Function

The major activities managed by the Director of Employee Relations relate to employment, fringe benefits, and certain aspects of training. This function plays a coordinating role in certain areas - salary administration, attendance, vacation and leave of absence. Many other activities normally associated with the personnel function are the responsibility of other functions, for example, pre-retirement counselling, manpower planning and on-the-job training. The responsibility for updating job descriptions lies in the Comptroller's Department and the management by results program falls under the Executive Manager.

We feel that the personnel function should be called upon to play a much greater role in human resources planning and management. It is the only area which can effectively coordinate a manpower planning program; it is the only area which can write satisfactory job descriptions; it is the only area which can establish personnel statistical needs - statistics which are not currently available; and it is the only area which can effectively manage the management by results program. Figure 18 illustrates the proposed organization.

Currently, the personnel function does not possess sufficient strength to undertake these activities. We are of the opinion that suitably qualified staff should be hired for this purpose.

Training and Management Development

The WCB provides a number of training courses, mainly geared to vocational instruction. In recent years, a number of pre-supervisory and supervisory courses have been conducted. At the general level, training courses on communications and training methods are available. We have not observed any major program dedicated to developing the abilities of WCB staff to relate to the public - in our opinion a serious omission.

There appears to be little in the way of a formal management development program at the WCB. To our knowledge, the Director of Employee Relations is the only member of senior management who

has attended a course recently. In our view, it is essential that all levels of management become aware of changing management concerns and concepts.

The WCB has a tuition assistance plan designed to provide educational opportunities and financial help in courses and subjects related to employment requirements at WCB. Over the past six years, a total of \$48,000 in reimbursements has been paid out. All requests for tuition assistance must be approved by the Board.

We note that a significant number of employees attach a very low value to training opportunities within the WCB. They do not perceive that training has beneficial results in terms of learning their current job or in terms of promotion or mobility within the organization. A number of staff referred to the fact that training was available but there was not much use in taking advantage of these opportunities.

Compensation of Solicitors

WCB solicitors undertake litigation involving third party recoveries. These cases occur when an injury, sustained by a worker in the course of his employment, involves a third party, for example an automobile accident.

As a form of incentive payment, it is current practice to pay the solicitors about 50% of the legal costs recovered. Solicitors' remuneration is then partially fixed, by means of a monthly salary, and partially variable in the form of the incentive payment.

We are aware that this method of compensation is not unique but it is one which we would suggest should cease in favour of a total fixed salary.

Recommendation

We recommend that:

6.1 Certain human resource policies and practices be amended involving:

- . the appointment and classification of all staff, except Board members, as civil servants;
- . internal and external recruitment of staff at all levels;

- . the appointment of more women to management and supervisory positions;
- . a strengthened and expanded role for the personnel function;
- . the introduction of procedural improvements related to job descriptions, manpower planning systems and personnel statistics;
- . an expanded training program for management and staff;
- . the elimination of incentive payments to solicitors.

FRINGE BENEFITS

Comparing the WCB fringe benefit program to that of the Government, it is clear that WCB employees do not lack for benefits. The life insurance program is well designed and recognizes the decreasing needs of employees as age increases as well as the substantial death benefits building up under the Superannuation Plan. The WCB's accidental death benefits are superior to those of Government and its disability income benefits, including the attendance credit program, are far more generous. The Government's Superannuation Plan is slightly better however; benefits are higher for short service employees and its "Rule of 90" provides for higher benefits on early retirement.

Compared to the private sector, the WCB's fringe benefit program is considerably superior. Apart from the chartered banks, there are few private employers that offer a pension plan comparable to the WCB's Superannuation Plan. The group life insurance benefits are generally in line with those offered by private industry but the disability income benefits, particularly the attendance credit program, are clearly beyond anything that private industry would currently contemplate.

Further detail on the fringe benefits are contained in Appendix 2, but major features are summarized below:

- * death benefits, including group life insurance, accidental death and dismemberment insurance and travel accident insurance;
- * disability income benefits, including the attendance credit program and the long term disability plan;

- * medical benefits, including the Ontario Health Insurance Plan (OHIP) and the supplementary hospital and extended health care plan;
- * superannuation plan benefits, specifically the retirement, death and disability income benefits under the WCB superannuation plan;
- * a staff association through which it is possible to buy goods and services at considerable discount from regular prices;
- * the provision of automobiles to selected employees (discussed later in the report).

As part of the transfer of employees to civil service status, we would envisage fringe benefits being brought into line with those of the civil service. We see few administrative difficulties in making this change; there may be a few instances when "red circling"⁺ is needed but these situations are unlikely to cause undue complications.

Retirement Benefits and Attendance Credits

The WCB's attendance credit plan provides 18 days a year compared to the 15 days each year provided by the government plan. It permits employees and Board members who have been with the organization for more than 3 years to use these credits to take a leave of absence at full salary prior to retirement or to be reimbursed in cash for 50% of these credits subject to a maximum of 26 weeks at current salary upon retirement. In 1972 the WCB paid out approximately \$90,000 under this plan.

Recommendation

We recommend that:

- 6.2 The fringe benefit program conform to the Government program with no loss of existing benefits relating to past service.

⁺ existing benefits would in no case be reduced.

The WCB has four main administrative support activities, located in different parts of the organization. These are Purchasing, Systems & Data Processing, Statistics and general office services including telecommunications, copying and mailing. Together, these activities constitute an important segment of total operations.

PURCHASING

Purchasing operations are carried out by a number of functions: in a Central Purchasing Unit headed by a Manager of Purchasing (in the Finance function), by Safety Education staff, by a Unit which is part of the Hospital and Rehabilitation Centre, by the Systems and Data Processing Department, which is responsible for all forms' purchases, and the automobile Fleet Manager who handles all automobile acquisitions. In 1972, total purchase orders processed were 4,700 for a value of \$1.65 million.

Policies and Procedures

There are no written purchasing policies and procedures - an unfortunate omission in view of the size and sensitivity of the purchasing process. Also despite the existence of a price enquiry form for obtaining suppliers' bids, these are rarely used. Competitive bids are notable by their absence. The main criterion for printing procurement - forms printing - appears to be one of service, not price. For example, on repeat forms' orders, Systems and Data Processing negotiates with the original supplier only, relying on the original specifications submitted by the supplier. In 1972, one company received the majority of orders for general printing - in excess of \$40,000. The role of the Purchasing Department in these transactions is only to legitimize concluded agreements through the issue of the requisite paperwork.

There is no policy relating to expenditure approvals which would permit purchases to be made by various levels of management. This system is highly effective in assisting the formal delegation of authority; expenditure control is easily exercised within a normal budgetary framework.

The WCB purchases most items in Ontario. The Ontario Government has adopted a "buy Canada" policy which gives equal consideration to all provinces in supplying goods and services. In addition,

the WCB does not participate with the Government in the consolidated purchase of items in common use; nor is the Purchasing Manager a member of the Council of Purchasing Agents, a body established by the Government to increase purchasing effectiveness.

In summary, the Purchasing activities in the WCB are highly fragmented and loosely controlled with the Purchasing Department providing little more than clerical assistance. There are some performance records maintained but these are less than complete. No management control reports are produced. The scale of purchasing undertaken by the WCB demands urgent attention to rectify these deficiencies.

Recommendation

We recommend that:

- 7.1 Formal purchasing policies and procedures together with improved management and operating controls be introduced involving:
- . the establishment of a central purchasing authority and elimination of the current fragmentation of purchasing operations;
 - . the much greater use of competitive bidding procedures;
 - . improved operating statistics;
 - . the introduction of levels of "authorization to purchase";
 - . the implementation of a "buy Canada" policy and participation in the Government's centralized purchasing program as appropriate;
 - . the admission of the Purchasing Manager to the Ontario Government Council of Purchasing Agents.

INFORMATION SYSTEMS AND DATA PROCESSING

Information is a vital resource of the WCB. It should be efficiently collected, processed, stored and disseminated to meet the demands of the major activities - for example, Claims Administration and Employer Assessments - and to provide operating statistics to management and other agencies.

The WCB has extensive, in-house computer facilities and a staff of over 80 engaged in systems planning, programming and operations. The annual salaries budget and computer rental is in the order of \$1 million. The Executive Manager is responsible for this activity. There is also a Work Study group, reporting separately to the Comptroller, which is engaged to a significant extent in systems planning and design but contains no computer systems expertise.

Systems Planning

Much of the work of the Systems and Data Processing function is directed towards claims and assessment processing, for example, automatic claims service and information system (ACSIS) and firms information retrieval and management system (FIRMS). Other applications are classed as administrative systems and include payroll and bank reconciliation systems.

The development of the insurance oriented systems has proceeded both independently and incompletely with the result that there is significant duplication between individual computer files and between computer files and manual files. This causes the following problems:

- * it is difficult to maintain the currency of the data stored in two or more places;
- * conflicting data can and is entered in files, a situation which requires considerable effort to resolve;
- * file space is wasted by redundancy of information.

Furthermore, the rigidity of the present overlapping file structure causes difficulties in developing applications which require a logical group of data not contained in any one file. In addition, present system design has not provided for essential financial controls - audit trails and transaction journals.

The need to develop an integrated data base, that is one file, for all insurance applications has been recognized. Coordinated planning, however, has not been applied to this requirement; rather, development has been applied to a number of independent projects which have arisen over the past two years, based on user requests. Moreover, the Work Study Group, which is as noted organizationally independent of Systems and Data Processing, is involved in the development of three of these projects. These include the redesign of the assessment system and development of an alternative system for collecting and processing accident statistics.

Planning methodology is also totally inadequate to meet systems development needs. Formal planning and scheduling, which are an essential feature of this work, are absent. We can find no record of task objectives, assessment of development priorities, activity and timing schedules for each project, estimates of resource requirements to plan, convert and operate the system and supporting cost/benefit analyses.

Development problems are also heightened by the lack of user involvement in this process. Contact is made infrequently with users, and then only on a question and response basis. There are no multidisciplinary task forces which are so essential to successful computer systems development projects.

We are convinced that the current fragmented development - the "planning by crisis", the competition for available resources and the planning methods used - means that the potential benefits of an integrated data base will not be realized.

Only minimum priority has been placed on the development of administrative information systems. There is the traditional payroll application, but accident statistics - despite many years of development - have not yet been produced which are acceptable to the safety associations or compatible with Statistics Canada or other provinces. There is no management information system beyond budget reports which are not consolidated beyond the department level; personnel, medical, motor vehicle maintenance and adjudication statistics have not been developed.

Programming

In 1972, 71% of total available systems man hours was spent on programming maintenance. This includes time spent not only on correction of program errors, but also on the inclusion of minor enhancements into existing programs. It follows that original systems design was inadequate in many cases. Certain applications were developed for early generations of computer hardware. Program maintenance - which must remain oriented to original hardware - perpetuates processing inefficiencies.

Program testing procedures involve the use of test data only; live data is never used for testing. Accordingly, after a new program has been developed, tested and put into production, it frequently fails in its first two or three production runs.

We have identified many examples of deficiencies in the current computer programs. Major examples are:

- * a claim transaction against the company not on the employer master file will create a record and "history" for that employer, even if the company does not exist;
- * no central control exists on the changing of employer master files by Claims personnel;
- * it is possible to create new rate categories for employers and to apply payments incorrectly if a firm has several assessment rates.

Data Processing Operations

The computer resources of the WCB currently exceed requirements by a significant margin. Approximately \$60,000 a year could be saved by shifting work from one computer to another which is currently underutilized. We have been unable to discover any formal procedures relating to the acquisition of computer hardware. Hardware changes appear to have been approved following a plea of operational necessity by Systems and Data Processing management. Cost/benefit analyses have not been prepared in support of these decisions. There has been no competitive tendering based on defined specifications.

Data control procedures are in effect, but there are a number of deficiencies, most particularly in the movement of data from and to users and the lack of physical segregation of data waiting to be delivered to the computer. There are no written procedures available; a Data Control Clerk simply "knows" how and when to distribute data.

The processing of data through keypunching and the computer adheres to an informal processing schedule. We have noted that only now - many years after the acquisition of this equipment - are keypunching instructions being developed. Operations documentation is also not available for jobs which are infrequently run - documentation which is often the most necessary.

User documentation is largely non-existent. It has apparently not been a practice in the past to prepare instructions for the people outside Systems and Data Processing who work with the system either at input or output points. Complete documentation covering every element of data input and output should be available to users. Education of users in this documentation is also highly important. Only in one case, the payroll system, can we find any evidence of user documentation.

We are of the opinion that the WCB should retain its own in-house computer facilities. The work is of a nature and at a level which would not permit operations to be economic and manageable were outside facilities to be used. Also, the proposed extension of business hours would reinforce the need for in-house facilities.

Organization and Personnel

Systems and Data Processing personnel lack capability and balance. Virtually all senior staff are long service WCB employees, having transferred to this function at the time it was established. Staff are hired from outside only at a junior level. High technology activities of this nature demand current "state-of-the-art" expertise; often this can only be found external to the organization. We believe that selective hiring from other organizations would have resulted in a considerably more advanced development and operational position than is now the case.

The Department should also be brought into the mainstream of the WCB's activities. We regard its work as a crucial dimension in the future operational effectiveness of the WCB. It is the means by which many dreary clerical chores will be eliminated and processing activities - for example Claims Services - will be speeded up; it is the means by which future operating costs will be reduced; it is the means which will release management from its current ignorance of essential performance and planning information (the current vogue for "management by exception" in the WCB simply means no news is good news).

Work Study Group

This Group was originally established to undertake work measurement studies with a view to improving clerical productivity. At one time it was part of Systems and Data Processing, but on recommendation of the external auditors responsibility for its operation was transferred to the Comptroller's Department. Currently, it is heavily engaged in information systems design - actually in conflict with the design activities of the Systems and Data Processing Department.

We believe that information systems design work should not be conducted by separate and independent functions of the WCB. This work should be undertaken by information systems personnel operating within an integrated organizational unit. Also we do not favour the continuance of the work measurement activity. Productivity gains are quickly outweighed by staff demotivation and system maintenance costs are invariably excessive.

Recommendation

We recommend that:

7.2 A new information systems and data processing strategy be developed involving:

- . the preparation of a detailed long range development plan, determining priorities as required and utilizing advanced planning methodologies;
- . the upgrading of human resource capabilities specifically at the senior level and the structuring of user-involved project teams;
- . the improvement of systems documentation and user education;
- . a major effort to improve the level and quality of management information;
- . the integration of the Work Study Group into Systems and Data Processing and the elimination of work measurement activities.

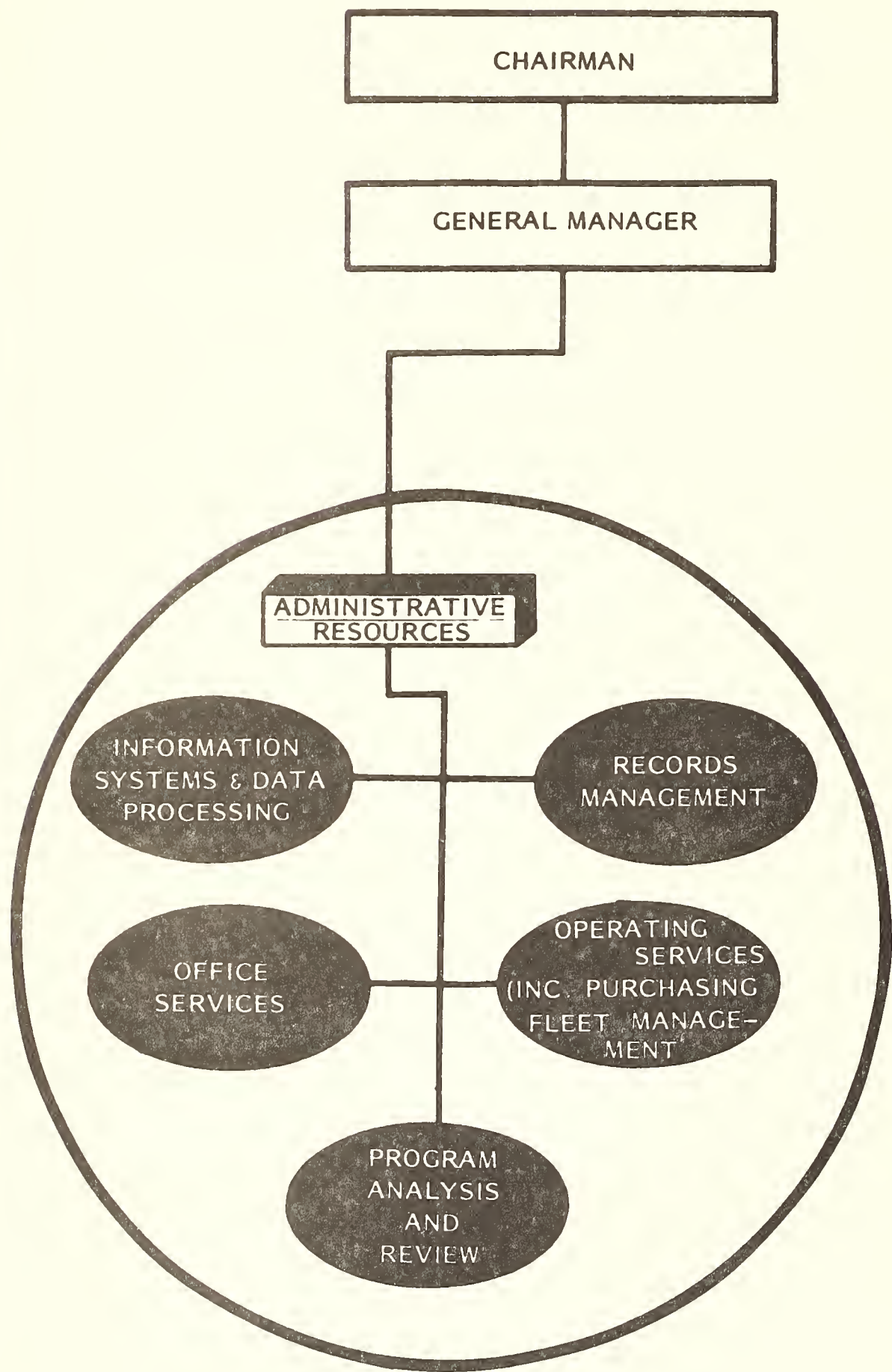
PROGRAM ANALYSIS

We have remarked previously in the report on the lack of operating information, for example accident statistics, and the problems which continually prevent their effective development. The scarcity of this and other management information leads to a low level of management awareness of performance weaknesses and an inability to make effective planning decisions.

The WCB's operations are of a nature and size which demands the establishment of a support group which would inject a sophisticated level of program analysis and review into the management process, increasingly now the case in most ministries. The creation of stronger links with Management Board would also call for reorientation of information into a program format.

Operationally, we see the Program Analysis and Review Group providing wide planning and control advice to the various major service functions, for example Claims Administration and Appeals. This assistance would include identification of issues and objectives, assessment of alternatives and devising of evaluation criteria, cost/benefit analyses and review of progress toward objectives.

FIGURE 19: PROPOSED ORGANIZATION OF ADMINISTRATIVE RESOURCES



We recommend that:

- 7.3 A Program Analysis and Review group be established, replacing the Statistics Group, to provide organization-wide program planning and control advice and support.

OFFICE SERVICES

These services include copying and duplicating, mailing, messengers, telecommunications and billing services. Currently, they do not fall under one organizational grouping but we understand that at the time of the move to the new Bloor Street facilities, there are plans to integrate these services within one organizational unit reporting to the Director of Finance.

While we feel this integration is a desirable step, a fundamental question remains unanswered - what is the appropriate in-house level of office services for the WCB?

For example, there appears to us to be a good case for integration of the WCB telephone system with that of the Provincial Government. Current annual costs are approximately \$250,000. The Government system has capacity available with province-wide dialing capability and a twenty-four hour information service. In the case of duplicating, there are many fast over-the-counter duplicating services in Toronto which would preclude the requirement for an in-house facility.

We recommend that:

- 7.4 Responsibility for common office services be organizationally integrated using the Government telephone system and private sector copying services.

ORGANIZATION

In the corporate organization framework proposal earlier in the report, we suggest an integrated function for Administrative Resources. (See Figure 19). Currently these operations are undertaken within different parts of the organization - in Claims, in Finance and under the Executive Manager.

The reason why we propose the creation of this new function is that it deals in two related and important "commodities" - information and common services. The past fragmentation of many of the elements of these "commodities" has inhibited the advance of automation,

prevented the establishment of proper internal controls and maintained output service statistics at an abysmal level. By placing the responsibility for the concepts, methodologies and operations within one manageable entity, we foresee a marked improvement in administrative productivity.

In its 1971 annual financial statement, the WCB reported investments in property and equipment after depreciation totalling \$15.3 million. These investments included land, buildings, automobiles and office equipment. The WCB also currently leases property in a number of locations to accommodate district offices, safety associations and chest examining stations.

THE NEW OFFICES

The main order of business at the present time is the impending move -scheduled for January 1974 - of the offices to 2 Bloor Street East, Toronto. The WCB owns the land, holds a mortgage on the building and is leasing fourteen floors of the building.

We have a number of concerns related to the move. These include the planning for the use of the new facilities and the physical move, the disposition of existing leases and the potential impact of our recommended decentralization of operations within Metro Toronto.

Planning the Move

The planning for the move to the new head office is being undertaken by one person in conjunction with an interior design consultant, under the general direction of the Associate Secretary. At the time of our investigation it was difficult to assess the quality of the planning, as little output, apart from floor plans, had occurred.

A review of the floor plans raises some matters for concern in the proposed space allocation. For example, these indicate that storage of forms and duplicating will take up prime floor space instead of being supplied from less expensive space in the basement. The location of private offices in the interior of the floors around the elevators results in what may be excessive aisle space on certain floors. In addition, we question the necessity of supplying certain personnel, such as section supervisors, with 150 square foot offices.

The purchase of new office furniture for the new location could result in an expenditure of upwards of \$250,000, represented by the replacement of up to eight hundred individual desks and chairs plus the replacement of the existing filing arrangements. No specifications,

at the time of writing, have been developed for these requirements - requirements which will have significant impact on the production capacity of the selected supplier. It is unlikely that the approved furniture will be available when required for occupancy.

The new location does not provide parking or cafeteria facilities dedicated specifically to WCB visitors and staff. The majority of visitors now arrive by automobile - especially in the case of visitors coming from points outside the City of Toronto. This situation may change to some extent because of improved subway access, but it would seem reasonable for parking arrangements (possibly subsidized) to be made. In view of the large number of staff, cafeteria facilities should be made available. These two matters require urgent attention.

Consideration should be given also to the matter of office identification. The new offices are situated on the seventh and higher floors of a building, located in one of the most congested and heavily built areas in Canada. Many visitors, who have a first language other than English or who are unfamiliar with the area, will have difficulty in finding the offices. We believe there is a need for an external identification of the WCB on the building and, more important, a ground floor reception facility.

Leasing Questions

A review of the agreement to lease indicated the existence of a number of covenants binding on the WCB and a considerable number of rules applicable to the WCB as a tenant. But on the lessor's side, there appears to be no commitment to provide a full time on-site manager or building superintendent; nor is there any commitment as to what security and reception staff will be provided. A commitment on the security and reception services to be provided in the new building would appear to be essential.

A detailed specification covering housekeeping services is included in the lease. The WCB has, however, concluded that additional staff will be needed to meet the desired standard of quality in executive areas. We feel that the WCB should negotiate with the lessor to ensure that the quality of housekeeping supplied under the lease will eliminate the necessity for WCB staff to augment the level of service for the executive and other areas.

The original agreement to lease indicated that the WCB would obtain 6,500 square feet of ground floor space which it would use as a reception and interview area. The WCB decided later not to lease this ground floor space. Although this now permits the lessor

to rent this prime commercial space at a considerably higher rental, to our knowledge the WCB has received no financial consideration in return for releasing this space.

The lease for 74 Victoria Street, which houses the safety associations, does not expire until November 30, 1975. The annual rental is \$174,000.00. This space will be surplus to needs when occupancy of 2 Bloor St. East takes place. Negotiations have not yet begun with the lessor of 74 Victoria Street for release from the existing lease prior to the 1975 expiry date. We feel also that it would have been appropriate for the WCB to negotiate with the developers of 2 Bloor Street East, regarding the assumption by them of the balance of the 74 Victoria Street lease.

Downsview

The decision not to build new offices on the fifty acres of land originally acquired for that purpose, adjacent to the Hospital and Rehabilitation Centre at Downsview, suggests that consideration should be given to disposition of all or at least part of this investment. The decision should be made on the basis of a comparative analysis of potential future real estate values and the return on alternative forms of investment.

Impact of Decentralization

The acceptance of our recommendation to establish counselling offices in high-use areas of Metropolitan Toronto as well as throughout Ontario will mean some reduction in the number of visitors to WCB offices. This will help to offset partly our previous concern over office identification and parking facilities. Such decentralization would also have an impact on office planning at the new location.

Recommendation

We recommend that:

- 8.1 The planning for the impending move of head office to 2 Bloor Street East be expanded involving:
 - . the immediate input into the facilities planning process of key WCB staff and outside planning experts;
 - . the acceleration of office furniture purchases;
 - . consideration of parking and cafeteria arrangements;

- . identification of the WCB and provision for improved facilities;
- . an early agreement on the disposition of the future surplus office facilities at 74 Victoria Street;
- . a study of the investment in undeveloped land at Downsview;
- . the measurement of the potential impact of operational decentralization.

FLEET MANAGEMENT

The WCB owns and operates a fleet of approximately 245 vehicles. The fleet represents a capital cost of approximately \$750,000 and incurs annual operating costs in excess of \$500,000.

Use of Automobiles

It is WCB policy to allocate automobiles to employees driving more than 10,000 miles per year on WCB business. Employees driving less than 10,000 miles per year are paid 14 cents per mile for the first 4,000 miles and 9 cents thereafter for the use of their own cars. An employee with a WCB car may use it on personal business. For this privilege the employee is required to pay \$25.00 per month plus 2½ cents per personal use mile. All operating costs (including personal use gasoline) are paid by the WCB. These policies governing the fleet operations were established in 1965.

The WCB fleet policies appear generous when compared to those of the Ontario Government. Typically, ministries allocate a car only to employees driving over 15,000 miles per year; Management Board insists that all Government cars be marked and used only for Government business.

There is no doubt that the WCB fleet is meeting the needs of its users; in 1972, nearly one third of the 5,000,000 miles travelled by the fleet were for personal use. These miles were heavily subsidized by the WCB, since the \$25.00 per month and 2½ cents per personal mile fee to employees is minimal when it is considered that gasoline alone costs well in excess of 3 cents per vehicle mile.

Operations

Since 1965, when the WCB first purchased its fleet, a middleline, full-sized sedan has been the perennial choice for the 234 personal vehicles. There can be little doubt that this particular model meets operational requirements, but it is seldom chosen by other fleet managers because its original cost is more than a bottom-of-the-line model and it seldom produces a comparable return on disposal. The WCB Fleet Manager subscribes to the principle that higher potential resale value should be recognized when evaluating different vehicle models at the time of purchase, but in practice, vehicle disposals do not reflect current used car market conditions.

We have also found that the fleet program lacks effective management information. For example, operating costs, on either a per vehicle mile basis or a total cost basis, are unavailable. The current vehicle cost control system lacks the capability of assessing fleet operation or of drawing attention to vehicles within the fleet which are incurring exceptional costs. There is an absence of information flowing from the fleet program to senior WCB executives. We note that the WCB has not taken advantage of the opportunity to use the Government fleet information reporting system. This system is available from the Ministry of Government Services and is used by most ministries of the Government and some agencies.

The WCB does not trade in its used vehicles; it sells them outright. A comparison of the prices received for used WCB automobiles and retired Ontario Provincial Police cruisers leads to the conclusion that returns from WCB automobile disposals are well below fair market value. From a procedural view, the WCB's present tendering practices for disposal fall short of those appropriate for assets of this value.

We have concluded that annual savings estimated at \$120,000 could be realized through a comprehensive fleet management program. Achievement of these savings would result from the WCB adopting policies similar to those found in various ministries and agencies in the Ontario Government. For example:

- * revision of the car allocation mileage to 15,000 miles and the use of marked cars;
- * reduction of the fleet size in accordance with the new allocation mileage (based on 1972 mileage on WCB cars, this would result in a reduction of 115 vehicles - 49% of the fleet);
- * revision of the personal mileage allowance to eliminate the personal use subsidy currently in effect;

- * payment of mileage allowances to employees driving less than 15,000 business miles per year;
- * development of an effective operating cost control system to reduce present costs;
- * revision of the replacement policy to 3 years or 70,000 miles, whichever occurs first (the current policy is to replace cars every 2 years or 50,000 miles, whichever occurs last);
- * improved returns on disposal through revised specifications for new automobiles and through use of the services of the Ministry of Transportation and Communications for used vehicle disposal.

Recommendation

We recommend that:

- 8.2 The automobile fleet be managed and operated in accordance with Government policies and practices.

MAINTENANCE

We note that the WCB maintains currently a small maintenance staff at head office - which presumably will disappear after the move to the new location - and a full trade staff at the Downsview Hospital and Rehabilitation Centre. This staff is skilled in plumbing, electrical repairs, gardening and stationary engineering.

While much of this activity calls for on-premises staff, consideration should be given to sub-contracting services wherever possible. For example, the use of a landscaping service is usually to be preferred over permanent in-house staff.

Work orders are used for certain activities and work times are recorded against these orders. But no detailed cost records or operating statistics are maintained.

We recommend that:

- 8.3 Consideration be given to sub-contracting maintenance services and establishing a more effective maintenance planning and control system.

The current external communications of the WCB fall into two major categories: the safety education advertising program and all other activities of a public relations nature.

GENERAL ACTIVITIES

The most prominent aspect of current public relations activities is the frequent speeches of the Chairman and the occasional addresses by other Board members and staff. The Public Service and Information Department has a much more mundane role. Its main job is to react to press and other criticism - of which there is much.

The WCB distributes no explanatory material to insured employees - on the grounds of impracticability and cost. The WCB's of British Columbia and Quebec with their well written and explanatory literature do not appear to have encountered this problem.

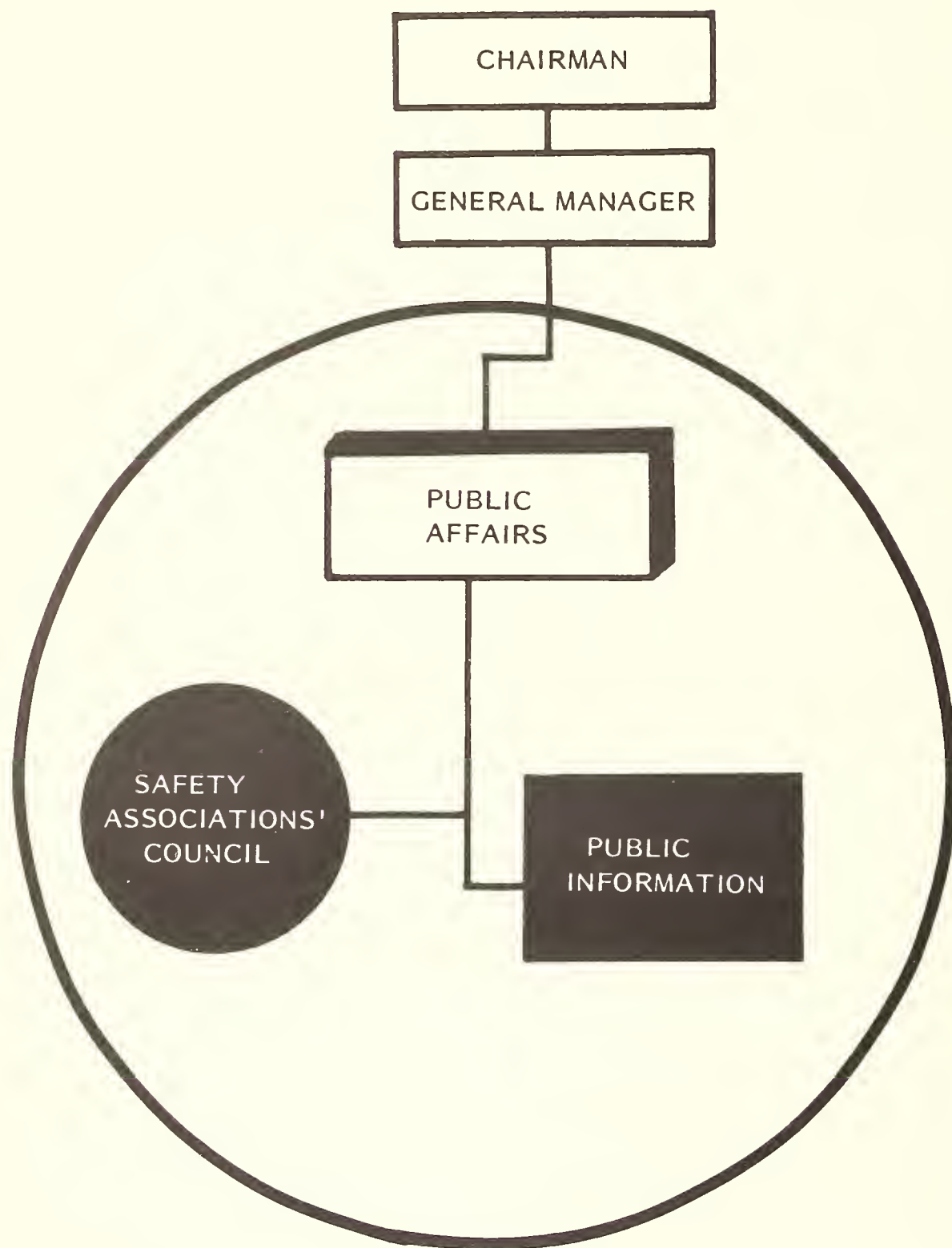
In summary, public information activities extend to the preparation and/or distribution of:

- * the employer welcome kit;
- * a medical handbook containing basic information and fee structure sent to every doctor on graduation but only on request hereafter;
- * the in-house organ "The Workmen's Compensation Report";
- * the annual report;
- * occasional articles in weekly newspapers;
- * responses to press queries regarding service complaints;
- * speech material for the Chairman;
- * seminar material.

We envisage a new direction and purpose required for this important activity of the WCB. We recommend that:

- 9.1 The use of the public information function to handle service complaints be discontinued and that a comprehensive public information program be developed involving:

FIGURE 20: PROPOSED ORGANIZATION OF PUBLIC AFFAIRS



- . the production and continuing distribution of relevant material to insured employees, employers and doctors in the Province;
- . more active use of both official languages and ethnic press articles and press releases;
- . modernization of terms, for example, elimination of the term "workman" and recognition of women in the work force;
- . the use of languages other than English, whenever appropriate;
- . the use of outside public relations consultants to provide expert assistance.

Heavy emphasis should be placed on informing the public of its rights under the Act and on the procedures to be followed in conducting business with the WCB.

In calling for these changes, we are aware that some cost increases may be incurred, but the benefits from this program should outweigh these increases. Figure 20 illustrates the proposed organization of this function.

SAFETY ADVERTISING

Media advertising was introduced in 1970, based on the rationale that an advertising program aimed directly at the public - primarily through television - was a better use of available funds than through allocations to individual safety associations. Prior to this time, the associations had developed their own media advertising campaigns as they felt necessary. Currently none of the safety associations is advertising in the public media - a situation with which some associations have expressed dissatisfaction.

An Advertising Committee comprised of the Director of Safety, the Executive Manager and the Assistant Executive Manager plans and controls the media program. The safety associations have no real involvement in this program. The current annual budget is approximately \$500,000.

We find it difficult to assess the effectiveness of this program; there is simply no easy way to quantify the results. We received a variety of personal reactions ranging from grudging approval to the severely critical. A recent study by consultants concluded that the program had some beneficial effect and that it should be maintained at existing levels pending the development of more effective alternatives.

Our major observation is that regardless of the effectiveness of this type of advertising, it should not take precedence over the requirements of the public information program recommended earlier. The expenditures involved are significant and their alternative uses require early consideration. For example, dispersed and low profile advertising, including multilingual posters on work sites, community and cable television broadcasts in languages other than English, might be more effective than solely directing funds to an institutionalized campaign on network television. Or following the practice of Canada Manpower, Counsellors using their name could be used in spot advertising on radio to inform the public of the WCB's services and its rights under the Act.

There is little doubt that advertising can be a powerful aid in the field of safety education. But the premise that a general advertising campaign on industrial safety without the associations' involvement, is more cost effective than other alternatives needs re-examination.

We also note that no pre-testing of the television advertising program was undertaken. This type of research has been making rapid gains in both the U.S. and Canada, accounting for about 3.5 per cent of all advertising budgets. For major advertising expenditures of this nature, some front end research would surely be beneficial.

We recommend that:

- 9.2 The current safety education advertising program be discontinued and that a more comprehensive approach be developed in this area in conjunction with the safety associations and within the context of total public information program.

ADVERTISING AGENCY

The WCB retains two advertising agencies. These agencies are remunerated on the traditional "percentage of gross billings" basis. We have some doubt about the cost effectiveness of remunerating agencies in this manner, in particular in this type of situation where the demands for creativity are infrequent. We believe that a more suitable basis would be to gear payments to work done. We recommend that:

- 9.3 Payments to advertising agencies be made on a time/fee basis rather than on a "percentage of billings" basis.

PART 4

Other
Matters

During the course of the study a number of issues were brought to our attention which did not fall within our Terms of Reference. We feel that many of these issues are of sufficient general importance to warrant mention and observation on our part.

A GENERAL OBSERVATION

During the study, we found that most people do not view Workmen's Compensation as welfare income. Rather, it is viewed as a legitimate and socially acceptable income - a *right* for the insured person following an occupational injury. And yet a claimant has to undergo a more arduous investigation than his or her peers who require income maintenance in the form of unemployment insurance or welfare payments. Moreover, the benefits under Workmen's Compensation are not noticeably superior. The occupationally injured person faces greater difficulties in having society protect his or her needs than other users of income maintenance programs.

The reason for this situation appears to lie in the history of workmen's compensation. It was advanced legislation when introduced in a less socially enlightened period. And its delivery and administration has remained more attuned to that period. It has not kept pace with the increasing social awareness of society, which more recently has resulted in the introduction of other income maintenance programs delivered and administered in a manner which reflects more accurately society's current values.

We raise a number of specific issues in the next sections, including benefit levels, the effect of inflation on past awards. We believe that these matters deserve consideration in the light of the attention devoted to ensuring that other income maintenance programs reflect - to the extent of available resources - the needs of society.

OTHER ISSUES

Benefit Levels

A recent amendment to the Act raises the maximum earnings' ceiling for calculation of benefits to \$10,000. This means that the maximum amount a totally disabled employee can receive is \$7,500 (75% of \$10,000), tax free. The earnings ceiling for benefits is revised periodically to reflect the income structure of employees in the

Province. It is based on a general criterion that 80% of the labour force covered by the Act earns less than the maximum earnings ceiling.

We wonder if the concept of an earnings ceiling is discriminatory. It cannot be justified as an incentive for getting employees back to work since according to the criteria used to establish the ceiling, only 20% of employees in the Province covered by the Act earn over \$10,000. The existence of an earnings ceiling seems only to penalize those who earn more than \$10,000 per year. Instead of an earnings ceiling, should not benefits be at the same level as earnings - and taxable?

At the outset of the program in 1915 maximum benefit level was set at \$2,000, a figure which was considerably above maximum earnings of employees covered under the Act at that time.

Effects of Inflation

A significant number of submissions we received came from those receiving pensions under the Act. These pointed out the plight of claimants injured in the past who find themselves on a fixed income in this time of inflation. Many of those who contacted us received maximum benefits at the time of their disablement. The benefit levels on which their pensions are calculated remain those set at the time of their accident. Former levels do not reflect the current actual lost earnings or the basic subsistence needs of individuals who may have been injured as much as thirty or forty years ago.

Under the Act, minimum pensions are set for insured persons and, in the case of fatalities, for their dependents. From time to time, these minimum benefit levels are raised to reflect changes in the cost of living; the latest change occurred on July 1, 1973, raising the minimum amount of pensions for permanent total disability to \$250 per month from \$175 per month.

No one who is receiving pension benefits under the Act is allowed to fall below the minimum pension level currently in effect. But an insured person who may have been earning more than the minimum benefit level at the time of the accident will not receive any pension benefit increase until the current level of pension becomes less than the current minimum. When the minimum benefit level reaches the same level as the pension benefits being received, the actual level of pension will never fall below this minimum.

This procedure only weakly responds to inflation and we feel consideration should be given to increasing existing pension benefits, geared to the cost of living index. Present employers need not be burdened with the cost of this retroactive increase. The necessary funds could be provided from the Consolidated Revenue Fund, a method used in five other provinces.

Consolidation of Occupational Safety Legislation

We have recommended that the formal split between safety education and enforcement be retained. We note however that an important area of industry with many employees eligible for compensation, is not subject to safety inspection by the Ministry of Labour. Safety inspection in mines is carried out by officers of the Ministry of National Resources under the Mining Act. This safety inspection might usefully be consolidated with the inspection activities of the Ministry of Labour under that Ministry. This would ensure uniform standards of inspection and control of industrial sites across the Province and make it easier to maintain the necessary links between the safety education and enforcement functions. We do not feel that removal of mine inspection from its current location will result in a loss of awareness of the particular conditions in the industry. We note that inspection of lumber and logging operations has been transferred to the Ministry of Labour Industrial Safety Branch.

Light Work

In assigning a partial disability rating, the WCB will frequently declare a claimant to be capable of performing non-strenuous work. The claimant is then urged by the Claims or other Departments to seek "light work". It has been brought to our attention by representatives of unions, other interested groups and individuals that the WCB sometimes uses this designation when it is not warranted. It has been suggested to us that the term "light work" is used excessively. Many claimants who are in fact suitable for light work have never had jobs in industries where "light work" is available. Furthermore, these same workers lack the occupational and often the language skills to transfer to other industries.

We have been told of claimants who have been declared suitable for light work by the WCB and referred to Canada Manpower for job placement. Our inquiries indicate that there is a lack of formal

agreement between the WCB and Canada Manpower over the criteria which the WCB uses to determine whether or not a claimant is suitable for work. Differences in perception of the claimant's employability on the part of the two agencies can and do result in confusion on the part of the client about his own capabilities and about his potential in the job market. This confusion may come at a time when the claimant is experiencing financial insecurity as a result of a reduction in his disability income.

We feel that the WCB should restrict its use of the term "light work" to designate employability and as a criterion for reducing claimants' pensions. We feel that social and economic factors should be considered before a client is designated as being suitable for "light work" (and therefore eligible for a pension reduction). Social factors to be considered include the claimant's age, previous employment history and language; economic factors include standard labour market information on job vacancies in different employment classifications and in different geographic areas. As a specific comment, an immediate change from reducing the disability income 6 weeks after the "light work" rating to 12 weeks - as in Quebec - would be helpful.

Regulations

The absence of a complete set of Regulations covering the benefit sections of the Workmen's Compensation Act has resulted in confusion and lack of awareness of WCB procedures and practices. It is standard practice to append a complete set of Regulations to Acts of Parliament, dealing specifically with administration of the Act. These Regulations can be amended without legislative approval but the amendments are duly recorded in copies of the Act.

Some examples of areas of confusion which could be cleared up through published regulations include criteria for setting pension benefits, procedures for pension reviews and procedures for medical consultation. We note, for example, that Section 21(2) of the Act states: "A workman shall not be required at the request of his employer to submit himself for examination otherwise than in accordance with the regulations."

We have found no regulations. Inconsistencies such as this should be remedied and the entire administration of the Act clarified through publication of a complete set of Regulations approved by the Lieutenant Governor in Council and published in the *Ontario Gazette*.

First Aid

Published Regulation 833 of the Workmen's Compensation Act lists requirements for first aid facilities, equipment and personnel. We note that various Sections of this Regulation (for example, Sections 8 and 9) refer to provision of a St. John Ambulance first aid manual or to first aid training provided by the St. John Ambulance. While we acknowledge the outstanding work done by this organization in the provision of first aid training and material, we feel that the Red Cross is of equal stature in this area and deserves equal mention with the St. John Ambulance in the text of the Regulation.

THE NEXT STAGE

This report contains 29 major recommendations related to administrative reform of the WCB. Many of our recommendations will reduce operating costs - for example, improved management of the automobile fleet and the introduction of revised payroll auditing procedures; others, in the interest of improved service, will increase costs - for example, increased decentralization of activities. The effect of all these future changes is impossible to quantify at this stage; for example, increased automation requires significant initial development expenditures, the use of expensive equipment - and results in better service, less clerical staff and more effective management decisions.

We can say with conviction, however, that our proposed reforms will be reflected in improved service to the public, in greater operating productivity and in the WCB joining the mainstream of social policy development.

The implementation of our recommendations will be a major undertaking. We estimate that implementation will involve a two to three year time span with many changes taking place within the short term, but many requiring considerable development time. Of prime importance would be the restructuring of the corporate organization and the introduction of the revised management system. Implementation will also require meticulous planning including the definition of priorities, timing and scheduling. Operationally, implementation would best be served by the creation of a wellorganized and well-resourced implementation team.

ACCIDENT COMPENSATION - THE CHANGING FOCUS

The results of our study indicate that the time is appropriate for occupational accident programs in Ontario to move into a position to meet the demands of the late 20th century. Many other jurisdictions within Canada are examining the role of their Workmen's Compensation Board. For example, Quebec has instituted a major overhaul of its Board during the last five years; Saskatchewan has recently completed a major re-structuring of its Board.

In other jurisdictions, notably New Zealand, the principle of accident compensation is being extended to encompass all forms of accidents. This move gives recognition to the fact that only a small proportion

of all injuries arise from work related activities. In Ontario, for example, it is estimated that only 14% of all accidents have work related causes. A downward trend from this level should occur as working hours decrease.

Concurrent with the often subtle but undeniable changes in the field of accident compensation are the significant trends which are taking shape in the related fields of income security and social policy. In the case of income security, a field where service delivery is largely fragmented, benefits are reaching new highs. There is unemployment insurance, the Canada Pension Plan and various provincial and municipal welfare payments and subsidies. It can only be a matter of time before some form of integration must take place within this field.

In the area of social policy, we have seen the recent upsurge in the health care delivery programs based on government insurance plans. Medical facilities have improved and become more widely available. It is now difficult to envisage any form of care in this field based upon the principle of selectivity. Federal and provincial governments are increasingly active in vocational rehabilitation and a special purpose agency of government, such as the Workmen's Compensation Board, cannot be expected to act independently in this field.

In the light of this changing environment, it becomes increasingly difficult to justify the often repeated contention that Ontario can be the leader in the field of occupational accident programs - by preservation of the *status quo*.

We have suggested many changes in the organization and administration of the WCB. We prefer - and we believe it to be in the best interest of the Province - for these changes to evolve in an orderly manner. Planning is preferable to reaction. The time is now appropriate for the changes we have suggested to be implemented; present management is inadequate in terms of the future.

With the proposed reforms in place, the way is then clear for many of the longer term possibilities to be considered and implemented. At the moment, there is simply no way that major policy or program changes could be introduced without considerable and possibly even catastrophic disruption of the WCB.

The WCB should continue as a major program delivery agency. Without violating the principle of separating policy formulation from program delivery however, we have argued strongly for the establishment of the several linkage mechanisms into Government with respect

to this agency. As the Committee on Government Productivity Report Number Nine points out, there are many reasons for establishing agencies outside the normal departmental structure. Nevertheless, this independence should not extend "to a diminishing of parliamentary control and ministerial responsibility." We would extend this statement to ensure that this Agency should operate within common resource utilization policies, for example, in the field of human resources and facilities.

The study has also revealed that the single-minded pursuit of efficiency is simply not enough in today's world. Sensitivity and responsiveness to emerging issues together with a service orientation must also be present. The human dimension must be recognized. In any event, large public agencies (any more than large private corporations) can no longer expect to operate independently, with only little, if any, accountability for their actions.

1980 - HOW IT MAY BE

In order to depict possible long term trends in the field of accident compensation, we have structured a scenario which is largely an extrapolation of current basic trends in an increasingly post industrial, affluent society.

Social legislation in terms of health care and social services expands throughout the seventies. Increasing fragmentation - intra and inter government - of program delivery mechanisms has forced gradual integration at operational levels. In the income security field, three major programs emerge - the Canada Pension Plan, a guaranteed income (negative income tax), unemployment insurance - integrated to a degree.

Workmen's compensation in the early seventies reflected the diminishing force of early twentieth century progressive legislation. Operating as a closed system, it provided income security, rehabilitation - medical and vocational - and safety education. In its 1970 form, its main characteristics were:

- * low benefit ceilings (often well below current earnings levels), causing considerable bureaucratic wrangling over award levels and dissatisfaction of insured persons;*
- * a failure to recognize both expanding health care needs and delivery programs - only 14% of all accident cases were covered by the Act and were therefore admissible to WCB facilities; also no recognition was given to the increase in external vocational rehabilitation services;*

- * *a theory X⁺ approach to system users. "Workmen do not return to work of their own volition.";*
- * *a safety education program based on voluntary associations of employers whose views may or may not coincide with current societal values. Duplication and lack of integration with safety enforcement existed (a theory Y⁺ approach to employers which failed to take into account the trade-offs that must be made between the inevitably conflicting goals of more safety education and higher profits);*
- * *an almost total lack of responsiveness to emerging policy issues. The WCB acted as an unchanging program delivery mechanism, unaware or indifferent to environmental change;*
- * *a tendency to regard workmen's compensation as a series of private contributions by employers (who should therefore exert control) rather than as legislation which provided for a specific method of collecting funds.*

In late 1974, several changes occurred: a name change to Ontario Compensation Commission, a restructuring of all major programs and the start of integration with other income security programs. People still had to apply to separate agencies for off-the-job income but information exchanges were instituted to assist applicants.

In 1975, benefit ceilings were raised substantially, the effects of inflation on past awards was recognized, but benefits became taxable.

The streamlining of administrative operations and the adjudication process and the introduction of new management and other personnel served to make the Agency more responsive to external issues and become highly effective in an operational sense. Annual reports were now submitted to the Superintendent of Insurance and close links were forged with Management Board, the Civil Service Commission and Government Services.

+ A reference to one of the two sets of propositions advanced by Douglas M. McGregor relating to management and motivation. Theory X states that organizational objectives can only be achieved by direction and control of human effort - people are generally lazy, indifferent and lack self-motivation. Theory Y reflects the participative approach to management - people can be trusted, can make decisions, are self-motivated.

A major policy change occurred in 1977 with the introduction of legislation providing for universal accident compensation. A start had been made several years earlier in this area with the setting up of criminal injuries' compensation legislation.

It was felt that effective accident compensation program delivery could be most effectively handled through one organization. Accordingly, occupational accident compensation, criminal injuries' compensation and other accident compensation activities were organized into one agency. Agency funding was obtained in two ways:

- * Employers (for occupational accidents);*
- * Consolidated Revenue Fund.*

In 1980, the WCB in its original form is no more. Instead, there is an accident compensation agency covering all types of income loss due to accidents. Its activities are strongly linked with other provincial and federal agencies in the income security field.

Medical rehabilitation is now part of the province-wide health care service and vocational rehabilitation is similarly integrated on a province-wide basis.

Safety education is now a major program broadened into most areas of life - well beyond the work related level. Work related safety education activities now form part of an Ontario Safety Education Commission.

Will any or all of these changes occur? It is impossible to say but it is inevitable that we will see new policy objectives within the next seven or eight years which will have a profound effect upon the management and administration of this Agency.

Appendices

CONTRIBUTORS TO THE TASK FORCE

This is a list of the submissions we received following the advertisements placed in the press throughout the province. A number of review meetings were held with persons and groups subsequent to the receipt of these submissions.

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Canadian Manufacturers' Association
Ontario Division
Toronto

The Canadian Red Cross Society
Ontario Division
London

The Canadian Red Cross Society,
Ontario Division, Oxford County Branch
Woodstock

The Canadian Red Cross Society
Toronto-Central Branch
Toronto

Liberato Capobianco
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Toronto

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Federation of Italian Canadian Associations
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Toronto

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Forest Products Accident Prevention Association
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Injured Workmen's Consultants
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Insurance Bureau of Canada
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International Railway Brotherhoods
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Mines Accident Prevention Association
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Napanee Brick & Tile Works Ltd.
Napanee

The Ontario Chiropractic Association
Toronto

Ontario Federation of Labour
Toronto

Ontario Forest Industries Association
Toronto

Ontario General Contractors Association
Toronto

Ontario Hospital Association
Don Mills

Ontario Hydro Employees' Union
Local 1000
Toronto

Ontario Lumber Manufacturers' Association
Toronto

Ontario Meat Packers Safety Council
Toronto

Ontario Medical Association
Occupational Health Division

Ontario Pulp & Paper Makers
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UAW-AFL-CIO, Local 1520
St. Thomas

United Steelworkers of America
Local Union 2251
Sault Ste. Marie

United Steelworkers of America
Local Union 6500
Sudbury

Vacuum Metallizing Limited
Toronto

Grace C. Wallace
Downsview

B. Williams (Mrs.)
Woodstock

G. F. Wilson
Chatham

J. H. Wiskin
London

Percy Woods
Napanee

John S. Wyatt
St. Mary's

THE WCB AND ONTARIO GOVERNMENT EMPLOYEE BENEFIT PROGRAMS COMPARED

This appendix compares in summary form the WCB and Ontario Civil Service employee benefit programs. Brief mention is also made of the relationship of the WCB program to those offered in private industry.

WCB AND THE ONTARIO GOVERNMENT

Some of the more significant differences between the two programs are as follows:

Death Benefits

Generally speaking, until age 55, a WCB employee enjoys slightly more group life insurance protection than does the Ontario employee. After age 55, insurance protection decreases (as does the need for such coverage), while the Ontario employee may maintain the same relative level of protection until retirement or age 65.

Overall, the Ontario employee who subscribes for the supplementary life insurance would pay considerably more for life insurance protection than would the comparable WCB employee, assuming dependents. This is because the Ontario Government does not contribute toward the cost of the supplementary life insurance. The employee pays the total cost.

On the other hand, the single WCB employee would pay more than the Ontario employee who subscribes only for basic insurance.

The WCB provides 24-hour travel accident protection for its employees in the amount of \$50,000. Except at the deputy minister level, the Ontario Government provides only \$30,000 of coverage while the employee is actually travelling on business.

Taking the accidental death and disability and travel accident insurance together, a WCB employee enjoys as much as \$70,000 of additional life insurance protection should death occur accidentally while travelling for the WCB.

Optional life insurance coverage is available for the dependents of both WCB employees and Government employees. In the case of a WCB employee the amounts available, and the employee contributions required are approximately double those for a Government employee.

Disability Income Benefits

The WCB's attendance credits program provides 18 days a year compared with the Government's program which provides 15 days each year. A WCB employee receives attendance credits at the rate of 1½ days for each month actually worked and/or is paid by the WCB. The Ontario employee is credited with 15 days at the beginning of each "attendance" year (October 1st) which must be "earned" by the employee throughout such year.

The WCB's long term disability plan, while providing the same 50% benefit, is more generous than the Government plan as it begins payment so much sooner. The Ontario employee must wait 6 months or until the expiration of his attendance credits, if later. The WCB employee starts receiving benefits after 60 days and is not forced to use up attendance credits first. Attendance credits can be used to increase the total disability income to 100% of salary at the time of disability.

The fact that the WCB's long term disability plan is more generous is reflected in the employee contribution rate of 0.4% of salary, more than double the rate under the Ontario plan.

The WCB's attendance credits and long term disability programs combine to produce a very significant disability income benefit. For example, a disabled WCB employee who had 20 years of service could receive full pay for more than three years if total attendance credits were still intact. Even if an average of six days of attendance credits had been used each year, the balance of 240 days of credit, combined with the 50% long term disability benefit, could mean almost two years at full salary. And, if in receipt of Canada Pension Plan and/or superannuation plan disability benefits, the period during which benefits could be received (100% of salary) would be extended still further.

By contrast, the Ontario employee receives fewer attendance credits to begin with and must exhaust them before long term disability benefit will commence:

Medical Benefits

The WCB contributes two-thirds of the cost of the Blue Cross supplementary hospital benefit while the Government shares no part of the cost of this benefit. Ontario simply provides it on an employee-pay-all basis for those who wish to be covered.

The WCB extended health care benefit is significantly better than that of the Government. WCB employees enjoy a plan with a much lower deductible and yet contribute much less than their Ontario counterparts.

Superannuation Plan Benefits

WCB employees contribute slightly less to their superannuation plan than do Ontario employees. While the 6% rate is common on earnings in excess of the Canada Pension Plan (CPP) earnings ceiling, WCB employees contribute 3.9% on earnings below the CPP ceiling while Ontario employees contribute approximately 4.4% on these same earnings.

The Ontario Government will provide an unreduced pension if the employee's age and years of service total 90 (referred to as the "rule of 90"). Thus an Ontario employee could retire on his full accrued pension at age 55, with at least 35 years of service. The WCB does not provide this "rule of 90" in its superannuation plan.

The Ontario Government provides disability benefits to employees not eligible for a disability pension because of non-completion of the required 10 years of service. In such cases, Ontario matches the employee's contributions with interest and pays a lump sum refund. The WCB provides no such benefit.

Similarly, Ontario refunds twice the employee's contributions with interest when an employee dies and leaves dependents without satisfying the eligibility requirements for a survivor's pension. The WCB makes no such provision under its plan.

The Ontario Government recognizes all widowers under its superannuation plan in the event of the death of a female employee. That is to say, where otherwise eligible, the widower would receive the 50% survivor pension. The WCB's superannuation plan recognizes widowers only if they had been totally dependent on the deceased female employee.

Summary

On balance, the WCB's employee benefits program compares very favourably with that of the Ontario Government. The WCB's life insurance program is well designed and responds at the older ages to recognize the employee's changing needs. In addition,

substantial death benefits may be built up under the superannuation plan. The WCB's accidental death benefits are higher and its disability income benefits are far more generous than those of Ontario. On the other hand, Ontario's superannuation plan is slightly better than the WCB's as evidenced by its treatment of short service employees and its "rule of 90".

W.C.B. VS INDUSTRY

Generally speaking, the WCB's employee benefits program is substantially more generous than the typical program offered by Canadian industry. Aside from the chartered banks, there are few private employers that offer a pension plan comparable to the WCB's superannuation plan. While the WCB's group life insurance benefits are in line with those offered by private industry, the disability income benefits, particularly the attendance credits program are clearly beyond anything that private industry would contemplate at this time.

HD Ontario. Task Force
7816 Workmen's Compensation
.C2 Board.
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1973 The administration of
workmen's compensation
in Ontario.

Figure 1. The effect of the concentration of the *Agrobacterium* suspension on the transformation efficiency of *Agrobacterium* strains. The number of transformed cells was determined by the number of colonies obtained on the selective medium. The results are the mean of three independent experiments. Error bars represent standard deviation.

